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Florida Public Service Commission

Annual Report
1988

Michael Wilson, Chairman
Thomas M. Beard, Commissioner
Betty Easley, Commissioner
Gerald L. Gunter, Commissioner
John T. Herndon, Commissioner

Florida Public Service Commission

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Copies of this report can be obtained from the Florida Public Service Commission, Public Information Office, 101 East Gaines Street, Tallahassee, Florida 32399-0867.

Information Directory

As a government agency whose operations directly affect the public, the Florida Public Service Commission welcomes your requests for information on matters in which you have a concern. Inquiries may be made by letter to the address below, or by telephone.

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Table of Contents

The Commissioners iv

Message from the Chairman 1

Maintaining the Balance 2

How Rates Are Set 3

Florida's PSC in 1988 4

Executive Director 7

Deputy Executive Director/Technical

Division of Auditing and Financial Analysis 8

Division of Communications 11

Division of Electric and Gas 17

Division of Research 29

Division of Water and Sewer 30

Deputy Executive Director/Administration

Division of Administration 33

Division of Consumer Affairs 35

Division of Information Processing 37

Division of Records and Reporting 38

General Counsel 39

Division of Appeals 40

Division of Legal Services 43

Index to Charts 47

MICHAEL WILSON

Commissioner Wilson was selected by commissioners in 1988 to serve a two-year term as chairman, beginning January, 1989. He was appointed in July, 1985, and reappointed to a four-year term beginning in January, 1986. Wilson received his bachelor's degree from Eckerd College and his law degree from FSU College of Law and was formerly Deputy Public Counsel with the Office of Public Counsel. He is a member of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Electricity and Subcommittee on Nuclear Issues and is Chairman of NARUC's Subcommittee on Nuclear Waste Disposal. Commissioner Wilson also serves on the Advisory Council for the Electric Power Research Institute and is a member of the Harvard Utility Forum.

THOMAS M. BEARD

Commissioner Beard was appointed by Governor Bob Martinez in March, 1987 to serve the remainder of a term, which expires January, 1990. Before his appointment, Commissioner Beard was the personnel manager for Clay Electric Cooperative. Beard has a master's degree in education from the University of Florida. He serves on NARUC's Communication Committee and on the NARUC Task Force on Federal/State Joint Conferences.

BETTY EASLEY

Commissioner Easley was appointed by Governor Bob Martinez and took office in January, 1989. Before her appointment, Commissioner Easley served as Director of Intergovernmental Affairs in the Office of the Governor until she became Assistant Secretary of State. She also served in the Florida House of Representatives from 1972 until 1986. Easley has a Bachelor's degree in public administration from Eckerd College. She serves on NARUC's Administration Committee.

GERALD L. GUNTER

Commissioner Gunter was appointed by Governor Reubin Askew and took office in January, 1979. He was appointed by Governor Graham to a four-year term beginning January, 1987. Gunter has a master's degree in management from Florida State University. He is a member of the NARUC Executive Committee and serves as vice chairman of NARUC's Finance and Technology Committee. He is also a Board Member of the National Regulatory Research Institute, Ohio State University.

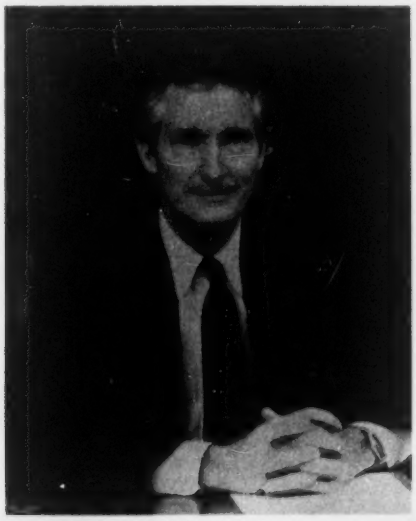
JOHN T. HERNDON

Commissioner Herndon was appointed by Governor Bob Graham and took office in January, 1986. He was reappointed by Governor Graham to a four-year term beginning January, 1987. Prior to his appointment to the commission, Commissioner Herndon served in the Governor's office as chief of planning and budgeting, and then as chief of staff. Herndon has a master's degree in social work from Florida State University. He serves on NARUC's Water Committee.

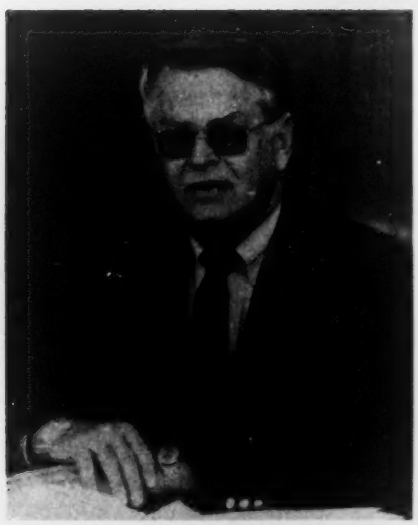
Florida Public Service Commission

Thomas M. Beard, Commissioner

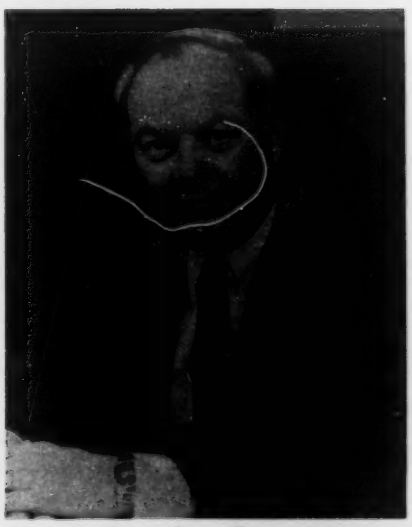
Betty Easley, Commissioner



Michael Wilson, Chairman



Gerald L. Gunter, Commissioner



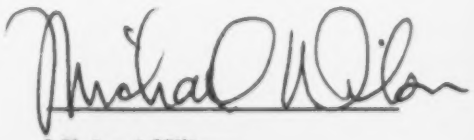
John T. Herndon, Commissioner

A Message from the Chairman

Fair regulation always has been and always will be a difficult process. The effective regulatory commission must balance the needs of consumers for ample utility supplies at reasonable prices with the utility's need for a fair and equitable return on its investment. The current regulatory environment has made the role of the Florida Public Service Commission more vital than ever before. Confronted with seemingly ubiquitous voices exhorting the merits of competition and urging deregulation of utility services, it is the responsibility of the PSC to ensure that regulatory reform occurs in a reasoned manner so that the interests of customers and company alike are protected.

During the past year, the PSC actively pursued a number of alternatives to traditional rate of return regulation, alternatives intended to secure the benefits of competition for ratepayers as well as for utilities. The PSC-ordered earnings incentive plan for Southern Bell provides incentives for the company to operate more efficiently and share the resulting profits with company customers. An associated reduction in return on equity will reduce Southern Bell's earnings by $671.6 million over the three-year period of 1988, 1989, and 1990, the largest reduction of its kind in state history. Florida already has the lowest telephone rates of any state in the southeast. In the energy sector, the Commission authorized innovative electric load retention rates in two instances when the rates would prevent extraordinary rate increases for remaining electric utility customers. In 1988, the PSC also negotiated agreements with Gulf Power, Tampa Electric, and Florida Power and Light to refund $1.1 million, $4.6 million, and $53.2 million, respectively, in excess retained taxes. There's a good chance we'll be implementing similar agreements for 1989 tax savings. This document provides detailed information on these and other actions taken by the PSC during 1988.

The PSC's actions manifest our openness to regulatory reform, when appropriate, but also reflect our concern that regulatory change proceed cautiously and only after a clear showing that such change is in the best interest of all--consumers, utilities, and the State of Florida. As the new year commences, we at the PSC look forward to working with consumers, utilities, and legislators to ensure that the regulatory process continues to be flexible and innovative and that Florida ratepayers are not ill-served by regulatory changes that benefit the utility companies at the expense of their customers.



Michael Wilson
Chairman, Florida's
Public Service Commission

The work of the Florida Public Service Commission is a balancing act. Under Florida law the commission regulates every investor-owned utility in the state, assuring adequate service and setting just, reasonable, and sufficient rates.

The Florida Public Service Commission consists of five members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs or law.

The governor appoints a commissioner from the nominees selected by the Public Service Commission Nominating Council. Commissioners also must be confirmed by the Florida Senate, and they serve a four-year term.

The Florida Public Service Commission was created by the Legislature in 1887 and was then called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations.

As Florida progressed, it was necessary for the commission to expand. In 1911 the Legislature conferred on the commission the responsibility of regulating telephone and telegraph companies. In 1951, jurisdiction was extended to regulate electric utility rates and service, and in 1953, commission jurisdiction was extended to the regulation of gas utilities, too. In 1959, the commission began regulating water and sewer systems.

In the past, three commissioners were elected in a statewide election. The 1978 Legislature adopted a bill changing the commission to a five-member appointed board.

The commission has quasi-legislative and quasi-judicial as well as executive powers and duties. In its quasi-legislative capacity, the commission sets rates and makes rules governing utility operations. In a quasi-judicial manner the commission hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed only to the Florida Supreme Court. As an executive agency, the commission enforces state laws affecting the utility industries.

The commission oversees the intrastate operations of investor-owned utilities -- electric, gas, water, and telecommunications. During 1988, the commission regulated 14 local exchange companies, more than 90 long-distance (inter-exchange) telephone companies, and more than 1,100 pay telephone providers. Additionally, the commission regulated six investor-owned electric companies, 14 investor-owned gas utilities and more than 725 water and waste-water systems.

The commission does not regulate publicly owned, municipal, or cooperative utilities. However, it has rate structure jurisdiction over 33 cities, 18 rural electric cooperatives, and 27-municipally owned gas utilities.

Florida's Public Service Commission has 367 authorized positions and an annual budget of about $18.3 million.

The Public Service Commission has the responsibility to set rates which are fair and reasonable. It is also required to set rates to allow utility investors an opportunity to earn a reasonable return on their investment. Whenever a gas, electric, telephone, or water company wants to change its rates, it must come before the PSC for permission. The PSC then investigates its request and sets new rate levels if the request is valid. The investigation is extensive, with many PSC staff members helping the commission assess the company's request.

Public Input

The PSC always starts its investigation by holding a hearing within the utility's service area, so the commissioners can hear from the public. Customers may comment or ask questions on the proposed rates or make any other statements relating to the utility's operations. The Public Counsel, who represents customers, is also present at these hearings.

Technical Hearings

Later, hearings similar to courtroom proceedings are held in Tallahassee, in which evidence is presented by expert witnesses in support of each viewpoint represented. Witnesses are cross-examined by the company, intervenors, staff, and the Public Counsel's office. This information is important to the commission when it evaluates company requests.

Commission Decisions

After all evidence is presented, the five-member commission reviews the record that has been developed and issues a decision. The policy decision it makes will determine the level of rates the company will be permitted to collect.

The utility is required to justify all of its expenses for the operations of the utility. An expense which the commission determines is improper or unnecessary is disallowed and is excluded from the amount the utility is allowed to collect from customers.

The commission also looks at the amount utility stockholders have invested in plants and other facilities and allows a reasonable return on the investment necessary to provide good service.

Rates are calculated to produce the amount needed for the approved expenses plus the authorized return. since expenses which the commission considered imprudent or unnecessary are not included in the revenue requirement, the utility has the opportunity to achieve the authorized return only if management eliminates the unnecessary expenses and operates efficiently. There is no guarantee that the authorized return will be achieved.

Once the final order is issued, the commission's decision can be appealed to the State's appellate court system.

The emphasis of Florida's Public Service Commission actions in 1988 continued to shift from reviewing utility rate increase requests to pursuing refunds and rate reductions.

The sunset review also began. During 1988, the Public Service Commission conducted workshops in Miami Springs, Orlando, Tampa, Sarasota, and Tallahassee to hear proposals for changes in Florida laws dealing with utility regulation. The workshops were part of the commission's process of preparing recommendations to the Legislature for the Sunset review of Chapters 364, 366, and 367. Chapter 364 provides for regulation of telephone companies by the PSC, Chapter 366 for the regulation of electric and gas utilities, and Chapter 367 for the regulation of water and sewer systems.

Telecommunications Regulation

Changing technology continued to have a dramatic effect on traditional utility regulation, especially in the telecommunications industry. The impacts of technology are two-fold: lower costs and increased capability. These impacts are resulting in dramatic changes in the telecommunications industry. And, of increased importance is the ability of "outsiders" to effectively provide new and old telephone company services in cooperation with and sometimes in competition with traditional, regulated telephone companies.

As a result, local telephone companies in some states petitioned their state utility commissions to allow more flexibility to meet the demands of the changing market for telephone and communications services.

In 1988, Southern Bell Telephone and Telegraph Company in Florida presented a proposal for alternative regulatory framework for determining its rate of return. The company proposed several rate reductions and proposed to freeze basic residential rates. The intriguing feature of the proposal was the concept of revenue sharing.

Although the commission did not approve Southern Bell's plan as proposed, it did approve the general concept of revenue sharing, with modifications. In addition, the commission approved $670.4 million in earnings reductions over three years for Southern Bell, the largest in state history. The earnings reductions will occur as follows: $67.5 million in 1988; $228.6 million in 1989; and $375.5 million in 1990.

The commission's decisions in this matter were the culmination of lengthy proceedings involving the telephone company, the Public Counsel, interexchange companies, and other intervenors.

Part of the reductions included an annualized reduction of about $33 million in local rates which began in October, which cut most monthly one-party residential bills from about 70 cents to $1.

The commission also ordered a cash refund of $18.4 million, which showed up as credits ranging from $2.20 to $3.20 for most monthly residential bills and from $5.40 to $8 for most monthly one-party business bills.

In its decision, the commission also lowered Southern Bell's authorized return on equity from 15 percent to 13.2 percent and determined that monthly residential local service rates cannot go up through 1990.

Perhaps the most innovative feature of the commission's decision for Southern Bell involved an incentive plan designed to lead to greater efficiency and more rapid innovation. Essentially, the commission's decision results in the company's splitting of revenues with ratepayers (with the majority going to the ratepayers) above a commission-determined rate-of-return.

In another landmark decision, the commission unanimously approved a petition of AT&T Communications of the Southern States, Inc. (AT&T) for forebearance from earnings regulation. In arriving at its decision, the commission said it is not deregulating AT&T but conducting a two-year trial with caps and floors on what AT&T may charge for most switched services. The trial will assist the commission in determining how closely the interexchange industry must be regulated.

One of the more controversial telecommunica-

tions issues before the commission in 1988 was Local "Dial-It" or "976" services. A caller can access a Dial-It vendor by dialing a 976-XXXX local or intralata telephone number and receive a recorded message. The caller is charged an amount set by the vendor but billed and collected by the local telephone company.

In March, the commission ordered Florida's local exchange companies to offer a blocking service which would prevent a customer's telephone from connecting to the 976 service. Now, the local exchange companies offering the 976-type service must provide central office blocking at a one-time charge, not to exceed $10, to customers requesting that blocking.

After the commission order was granted, existing customers had a 90-day period in which to sign up for the service at no charge, and new customers have this same option.

The growing concern regarding Alternative Operator Services (AOS) prompted the commission to open an investigation to determine the value of this service and what additional requirements or restrictions, if any, should be placed on companies offering this service. AOS companies provide operator services for calls such as person-to-person, collect, third-party billed or credit card calls (including calls billed to a telephone company calling card or major credit card).

These AOS companies, found in Florida and nationwide, offer to sell operator service, especially to hotels and motels and privately owned pay telephones, at rates often higher than those of major long distance carriers or local telephone companies.

In November, the commission issued guidelines for AOS companies in Florida. Because of the commission's ruling, AOS providers must now file tariffs with the commission that specify all charges to end users.

AOS providers also must cap intrastate rates based on comparable AT&T time-of-day rates (including applicable AT&T operator charges) unless the call is from a non-local exchange company pay telephone, in which case the cap would be the AT&T daytime rate, including applicable AT&T operator charges, plus $1.

The commission also prohibits alternative operator services providers from knowingly charging consumers for uncompleted calls and forbids them from billing in more than one-minute increments. The PSC requires that the provider of the operator services identify itself and its charges to consumers, that it not block access to the interexchange company of the consumer's choice, that all intraLATA operator traffic be routed to the local exchange companies (LEC), and that all calls dialed "zero" be handled by the LECs -- not the AOS providers.

In response to the difficulties faced by low income customers, the commission approved the "Link Up America" program in Florida, a federally funded program designed to allow low income households to connect to the telephone network.

Under this program, federal assistance sufficient to pay one half of the connection (or installation charges) up to $30 is available to qualified Medicaid or Food Stamp recipients. Reimbursement of these charges for the local exchange companies comes from the interexchange carriers' contributions to the National Exchange Carrier Association. Link Up Florida is now coordinated between the Department of Health and Rehabilitative Services and the local telephone companies in Florida.

Electric & Gas Regulation

In the area of electric and gas, two investor-owned utilities petitioned the commission for rate increases during 1988. Gulf Power Company and Florida Public Utilities Company, both serving the Florida panhandle, filed the necessary documents to initiate a rate proceeding under the Florida Statutes. One gas utility rate case, Gainesville Gas, was completed during 1988.

The commission opened a docket to determine the amount of tax savings for 1987 as a result of the 1986 Federal Reform Act. As a result of a previous stipulation approved by the commission, Florida Power Corporation began its tax refund in January, 1987. However, in 1988, Florida Power & Light, Gulf Power

Company, and Tampa Electric Company agreed to use a 13.6 percent return on equity to calculate any tax savings for 1987. The 13.6 percent was lower than the previous authorized returns on equity of these utilities.

All gas utilities affected by the act stipulated to returns on equity of 13.7 percent for 1987 and 1988, with the exception of West Florida Natural Gas Company, which has approved return on equity of 13.15 percent and as of April, 1987 was earning at a rate of less than 3 percent.

In March, Gulf Power Company, Tampa Electric Company, and Florida Power & Light Company refunded $1,143,211, $4,633,340, and $53,250,572, in excess income taxes due to the 1986 tax changes. These refund amounts were subject to final verification in a Public Service Commission audit. Based on the results of these audits and issues raised by PSC staff and intervenors, hearings were conducted to determine the appropriate amounts to be refunded for 1987 tax savings. During these hearings, commission staff investigated certain issues primarily concerning the computation of interest on the refunds and operations and maintenance expenses. In December, the commission agreed that additional interest was due to the ratepayers.

Water & Sewer Regulation

In the area of water and sewer, the commission maintained its working relationship with the Department of Environmental Regulation, the five water management districts, and the county health departments.

During 1988, the Division of Water & Sewer continued working on the steady volume of docketed applications that were received by the commission from the 736 regulated water/sewer systems in the State.

Additionally, commission staff proposed to amend the minimum filing requirements (MFRs) for the water and sewer indusry to include all necessary information at the time of filing and to require presentation of the data in a more organized form. The proposed MFRs are similar to those now used in other industries regulated by the commission.

More detailed information on these accomplishments and on other actions of the Public Service Commission in 1988 is provided in other sections of this report.

The Executive Director is, essentially, the chief of staff of the Commission with general responsibility over the technical and administrative operations of the Commission. He coordinates the activities of the divisions, is responsible for the implementation of Commission policies, and makes recommendations for the development and articulation of policy questions. The Executive Director also coordinates inter-agency and legislative liaison, and consults with and advises the Commission on economic and governmental matters.

The office includes two Deputy Executive Directors.

William Talbott is Deputy Executive Director over the technical divisions, including Communications, Electric and Gas, Water and Sewer, Auditing and Financial Analysis, and Research.

Jay McGlon is Deputy Executive Director over the Administration, Consumer Affairs, Records and Reporting, and Information Processing Divisions.

This division of executive duties helps to facilitate the flow and efficiency of the Commission's workload, as well as providing the proper direction and leadership for the staff. Legislative liaison work is also done by the Executive Director.

The Division of Auditing and Financial Analysis serves as the principle advisor to the Commission on matters pertaining to taxes, capital recovery and finance; performs audits and issues reports on regulated utilities. Of the 64 staff members in the division, 14 possess CPA certificates, 2 have CIA certificates, 4 have MBAs, 5 have MA or MS degrees, and 54 have BA or BS degrees.

Audit Section

The Audit Section performed approximately 200 audits during 1988 and implemented a new procedure holding eight peer reviews during the past year. A peer review consists of experienced staff auditors from around the State convening to conduct a thorough review of selected audits. The result is a pro-active effort through audit criticisms and shared knowledge to improve the consistency and productivity of future audits. Through peer review, innovative skills and techniques developed by an individual audit team to respond to a recurring technical problem are being identified and are now being used in the four district audit offices around the State. Late in 1988, the format of the audit reports was improved to provide more specific information to the report users regarding audit tests conducted in a particular assignment. These changes are most readily identifiable in the executive summary and audit scope sections of recently issued audit reports.

The EDP section, in conjunction with the staff economist, provided automated and statistical services to the overall audit effort. In preparing for major rate audits, the section performs a review of the automated accounting systems and provides an automated audit environment. With continuing commitment, EDP reports it can provide an automated audit environment for all major utilities and is working upon shortening the time required for EDP implementation through forming work teams including an EDP specialist, a statistician and the in-the-field auditor. Support has also been provided for other operating divisions; e.g., an automated travel vouchering system developed shortens the preparation time for travel vouchers. In another application, the EDP section interpreted a datatape filed by utilities in an energy usage study by another Division. Software purchased from private vendors and implemented during 1988 includes: Flow-Charting, a workflow analysis system, and improved Textra, a word processing system adaptable to microcomputers used in the field.

Bureau of Tax

The Bureau of Tax continued to work with the Department of the Treasury, the Internal Revenue Service, and industry to resolve questions raised because of the taxation of contributions-in-aid-of-construction, on regulations regarding the treatment of nuclear decommissioning costs, and problems caused by the implementation of FASB 96 "Accounting For Income Taxes".

Staff members participated in 29 rate cases; 7 over-earnings investigations; 7 other investigative and generic studies, projects and task forces; 9 rule dockets, customer question/complaints resolutions and tariff matters; several field audits; and 4 tax savings refund dockets.

Bureau of Depreciation

The Bureau of Depreciation continued research in the area of subcategorization of electric production plant for depreciation study purposes and will recommend rules in 1989. Staff members also continued investigation of potential dismantlement costs of fossil-fuel plants and the concept of plant-life extension of generating plants. Additionally, depreciation studies were finalized for Tampa Electric Company and Gulf Power Company in which the above items were considered. The Bureau is still working on the review of nuclear decommissioning cost studies for Florida Power & Light and Florida Power Corporation.

This was the year the majority of the gas

utilities were required to file depreciation studies. Those finalized were South Florida Natural Gas Company, St. Joe Gas Company, Southern Gas Company, Plant City Gas Company, and Peoples Gas Systems, Inc.; staff members are still working on the studies for Indiantown Gas and Palm Beach County Utilities. The Bureau also continued research on variances in practices among the gas companies in connection with the allocation of overhead associated with construction projects, treatment of inactive service lines and costs of removal of service lines.

The triennial FPSC depreciation review for General Telephone Company of Florida was finalized; there was also considerable interface with FCC staff of the Gentel study made for that body, the prime emphasis being on the transition from analog to a digital environment. Staff members also participated in the Southern Bell Rate Stabilization case in which the decision regarding disposition of perceived excess revenues for 1989 and 1990 was deferred pending resolvement of the company's 1989 depreciation study review. Additionally, the Bureau closed the AT&T study in accord with the decision regarding forebearance and is still reviewing the depreciation studies for United Telephone Company and Central Telephone Company. Research continued on the impact of technological changes such as network reconfigurations and the advent of optics.

Bureau of Finance

The Bureau of Finance provided capital structure/cost of equity testimony in two natural gas cases. They also provided cost of equity testimony and testimony regarding the economic purpose and theory of rate of return regulation and the current interexchange market in the AT&T case. In addition, they participated in the Southern Bell case, offering testimony regarding the cost of equity and the appropriate equity ratio. They also offered cost of equity testimony and testimony supporting the theoretical basis of the leverage formula during its annual re-establishment. In addition, they provided testimony in the Atlantic Utilities' rate case supporting the financial integrity model previously developed by the Bureau.

They provided the Commissioners and division directors with quarterly reports concerning common equity cost rates, current interest rates, and general capital market conditions, for use in the surveillance of utility company earnings. In addition, the Bureau provided a report which reviews the financing activities of the electric utilities on a quarterly basis. The Bureau also made a presentation to the staff accountants regarding the PURC integrated spreadsheet model developed by the University of Florida and the Tampa Electric Company. They also developed a presentation designed to acquaint new commission employees with the economic basis for regulation, financial theory, and the components of the ratemaking process.

The Bureau conducted workshops for all industries related to utility diversification activity and spearheaded the staff task force charged with responsibility for the development of rules in this area. They also participated in the legislative sunset review, providing revised language to the existing rules relating to approval of security applications and the appropriate rate of return for use in setting the AFUDC rate and for other purposes.

On an ongoing basis, the Bureau processed the security applications of all natural gas and electric utilities, offered advice to the Water and Sewer Division regarding capital structure/cost of capital, maintained a continuous dialogue with various state and federal regulatory bodies, and conducted research related to the current financial models employed by the Bureau.

Bureau of Management Studies

The Bureau's 1988 activity encompassed the completion and presentation of two management reviews: Southern States Utilities, Inc. (first water and sewer company) and West Florida Natural Gas (first gas company and our first company audited under the Small Utility Audit Program). These two reviews

produced a total of 134 recommendations and an estimated recurring annual savings of $187,143.

In the audit review area, the bureau also completed a review of a cross-sectional comparison of Florida Power Corporation and Tampa Electric Company, which will be presented to the commission the first quarter of 1989. One other audit project was initiated under the Small Utility Audit Program -- a comprehensive review of Southern Gas Company for which the final report is anticipated during the third quarter of 1989.

In addition to the primary audit activity, the bureau continued to add enhancements to the Small Utility Audit Program and the computerization of internal management control reports and work plans.

Other activities accomplished during 1988 are:

(1) The initiation of implementation programs for the two completed audits (Southern States and West Florida) and the closeout of two programs (Tampa Electric and United Telephone) which were completed. Throughout the year six different company programs were monitored which covered 374 recommendations, 49% of which have been implemented to date.

(2) Participation in the NARUC Staff Subcommittee on Management Analysis activities, i.e., Staff provided an instructor and two participants to attend the first formal course of instruction on Basic Training for Management Analyst. In addition one member served as a committee representative.

(3) Preparation of an operational review report on/for Southeastern Regulatory Utility Commissions (SEARUC).

(4) The coordination and monitoring of three Commission contracts totaling $267,408 which were completed this year.

(5) Publication and presentation of a paper on the "Small Utility Audit Program" at the Sixth NARUC Biennial Regulatory Information Conference.

***The Division of Communications** is responsible for providing information and making recommendations to the Commissioners on matters concerning telecommunications. In addition, the Division provides telecommunications information and assistance to members of the general public as well as other governmental bodies and the press. Telecommunications companies currently (as of December 1988) regulated by the Public Service Commission include 14 local exchange telephone companies, 101 long distance interexchange telephone companies, 1,023 competitive pay telephone service providers, 47 key shared tenant services, and 27 shared tenant services.*

Rate Cases and Over-Earnings Review

During 1988, the division did not participate in any traditional rate cases; however, it did conduct several earnings investigations and implemented an earnings incentive plan for Southern Bell which is described in a separate section. Rate reductions or refunds were approved for ALLTEL, Florala, Gulf, Quincy and Southern Bell. For 1987 and 1988 combined, the Commission has approved rate reductions and/or refunds affecting 99.5% of Florida's telephone ratepayers.

For ALLTEL Florida, Inc., the Commission approved a $250,000 annual reduction in zone charges as well as a one-time depreciation expense adjustment of $448,000.

The Commission approved the elimination of mileage charges of $44,000 annually for Florala Telephone Company.

Gulf Telephone Company reduced local rates and zone charges by $224,000 annually. The company also refund $463,924 for 1986 and 1987 overearnings.

Quincy Telephone Company reduced zone charges by $69,000 annually and refunded $701,725 for 1986, 1987 and 1988 overearnings.

Southern Bell refunded $21,065,153 for 1987 overearnings. The company also refunded $17,800,000 for 1988 and reduced rates approximately $219 million annually. This is more fully explained in the section on the earnings incentive plan.

Earnings Incentive Plan

Southern Bell filed its proposal on January 13, 1988, for an earnings incentive plan designed to both provide for tax savings as a result of the 1988 tax reduction and to set reduced rates for a three-year period, 1988-1990. As a part of its plan, Southern Bell would be motivated to increase its earnings so that its earnings would exceed 15% ROE and both the ratepayers and Southern Bell would equally divide those earnings above 15%.

Hearings were conducted from July 18-21, 1988. On September 23, 1988, the Commission voted to implement an earnings incentive plan based on splitting certain earnings (60% to ratepayers and 40% to stockholders) over 14% with earnings after splitting capped at 16%. Based on the company's budget as adjusted by staff, earnings changes were ordered sufficient to reduce return on equity to 13.2% for the remainder of 1988, 1989 and 1990. Substantial reductions were ordered in toll, WATS, access charges, local residential rates and other areas. The total reduction in earnings for the 3-year period of 1988, 1989 and 1990 is $671.6 million.

Access Charge Activity

Intrastate access charges, paid by interexchange companies to local exchange companies for originating and terminating toll calls using the local network, have been uniform statewide since they were first implemented in 1984. In 1988 this Commission held a hearing on the recovery of nontraffic sensitive costs, and as one result of that hearing, decided that circumstances had changed enough to warrant going to company-specific access charges. Among those changed circumstances were going to a bill and keep system (versus pooling), the demonstration that bypass threats were more of a problem in some companies than in others, and the recognition that access charges were

higher than they needed to be but that a statewide reduction would cause financial difficulties for some companies. Following this, Southern Bell in its petition requesting regulatory flexibility, proposed to reduce its Busy Hour Minute of Capacity (BHMOC) charge, the approved element to reduce. This proposal was approved by the Commission and became effective October 1, 1988. General Telephone followed suit, although with not as dramatic a reduction; its lower BHMOC charge became effective on February 1, 1989. These access charge reductions are automatically passed on to toll customers in the form of reduced rates by AT&T, in accordance with the conditions of their two-year forbearance experiment.

Tariff Activity

1988 was a busy year regarding tariff activity. The 571 closed tariffs represented a five percent increase over the previous year. Companies offered new services in response to new technology and customer demand. Of particular interest was a Southern Bell filing offering two-way measured service in conjunction with the offering of several ancillary features of interest to voice messaging providers. The requirement linking the purchase of the ancillary services, such as call forwarding-busy and call forwarding-don't answer is at issue in the Information Services docket, set for hearing in February 1989. The Commission approved Southern Bell's use/user restrictions with the tariff on an experimental basis, pending the outcome of the hearing. AT&T restructured its time-of-day discounts, resulting in slightly higher rates in the evening and night/weekend periods, and lower in the day period. Southern Bell offered its Pay Per View service in two new locations; this service permits cable television subscribers to select and be billed for individual movie/event viewing via telephone. Southern Bell reintroduced its Touchstar service, in conjunction with the availability of signalling system seven--a technology which permits additional information about a telephone call, such as the calling party's number, to be sent along with the call on an unused part of the telephone signal. Various companies offered enhancements to their Centrex/ESSX offerings as central office technology made them available. We expect to see such enhancements offered more generally as a result of the Information Services docket. Southern Bell began a new fiber optics service, Lightgate, and an alternative to a dedicated foreign exchange line, called GeoServe. During 1988 there were 367 requests for copies of tariff pages--14,916 pages requested.

Extended Area Service

During 1988 the Commission received 11 new requests for extended area service (EAS). The Commission ordered a traditional flat rate two-way nonoptional plan on three of the 14 open dockets. The plan has been voted down by the voters on two of those and has not been voted in the others. In an attempt to maximize customer choice, while limiting the financial impact of implementing EAS on the local exchange companies, we tried a version of a new optional plan proposed by Southern Bell. This plan, called Optional Extended Area Service (OEAS), permits customers to keep what they have today in the way of extended area service, get rid of the EAS to exchanges they never call (drop-back option), or add EAS to a new exchange at a substantial discount from existing toll rates. For residential customers there is also a flat rate option for outgoing calls. Customers wanting people in the distant exchange to call them toll free can subscribe to a call-back option, which is also at a reduced rate from existing toll. The Commission has ordered this OEAS plan to be implemented on 30 routes. Twenty-seven of these will be implemented during 1989. The other three were implemented in September 1988. Implementing the OEAS plan on 22 of these routes was proposed in Southern Bell's petition for regulatory flexibility. The Commission approved the implementation, but at substantially lower rates than those proposed by Southern Bell. The company has submitted revised rates, which the Commission will decide at the February 7, 1989 agenda conference.

Cellular

Cellular carriers are advancing into numerous markets with increasing applications, and anticipated rapid growth. During 1988 the Commission conducted extensive discovery to learn about the nature of cellular interconnection, bypass potential, usage, service standards, and the impact on local exchange telephone companies. The Commission considered the appropriate recurring and nonrecurring charges, dial access scopes, treatment of toll traffic, treatment of cellular carriers as telephone companies versus end users, as well as other issues relating to cellular and other mobile telephone service. Because of the crossover of cellular companies' certificated areas and local exchange companies' certificated areas, a combination rate was developed, using a blend of local, toll and access charges. Tariffs will become effective in February 1989.

Pay Telephone Service

Since 1985, when the Commission first permitted privately owned pay telephones, the issue of interconnection rates to the local network have been of interest to private payphone providers, local exchange companies, and this Commission. Interconnection rates set in 1985, and revised by stipulation in 1987, were reexamined again in 1988 in a process set for hearing. Once again the local exchange companies and the private payphone providers were able to work out a stipulation, lowering the per minute charge for payphone providers to a level similar to that paid by cellular carriers. The Commission considered whether to remove or change the current toll cap placed on calls from privately owned payphones but after a hearing decided to leave the existing cap for the duration of the current interconnection stipulation, which is until September 1990. Other issues, such as service problems, will continue to be worked on by the parties together, with the help of the Commission staff.

Link Up Florida

Link-Up America is an FCC sponsored program requiring state participation, which permits telephone applicants meeting a financial needs test to hook up to the network at a reduced rate and with payments spread over up to six months. Funding for this program comes from interstate access charges paid by interexchange companies nationwide. The Florida Commission directed its staff to develop a plan for Florida, working with the local exchange companies and with the Department of Health and Rehabilitative Services (HRS). The intent was to develop a program which would reach the maximum number of potential applicants, while minimizing the administrative burden for telephone company and HRS personnel. The Commission approved the petition submitted by the Florida Telephone Association, based on the joint effort. A proposal was submitted to the FCC for its approval, which was approved on August 1, 1988. All local exchange telephone companies had the program implemented by November 1, 1988, with outreach efforts planned by the individual companies, as well as by HRS and the Commission. The Commission will be monitoring the effectiveness of the program, to comply with FCC requirements and to determine how we can make it more effective.

Bijurisdictional WATS

U.S. Sprint petitioned the Commission whether the WATS dedicated access line could be used for both interstate and intrastate WATS traffic. The FCC had decided that if the states approved it, it had no problem with a bijurisdictional WATS line. Florida's earlier decision in this matter had required separate dedicated access lines for interstate and intrastate traffic. The Commission recognized the economic efficiencies of one line, but the jurisdictional concerns overrode this at the time. Now, with the ruling by the FCC, the time was ripe to reexamine the policy. The Commission scheduled a hearing in this matter to look at that

decision again, and in the course of preparation for the hearing, it became apparent that there were very few issues in which the participating parties disagreed. As a result the hearing was cancelled, and the Commission approved the stipulation, including a number of restrictions imposed on the use of the line, the characteristics of the line, and how the local telephone companies were to deal with any revenue loss resulting from the change in policy. Tariff revisions reflecting the Commission's decision became effective in November 1988.

Sunset Activity

Chapter 364, Florida Statutes, establishes the Commission's authority over telecommunications companies. During the 1989 session of the Legislature, Chapter 364 will be under its 10-year Sunset review. In preparation for that review, the Commission held workshops in Miami on September 27, Orlando on October 5, and Tallahasse on October 25, 1988. The purpose of these workshops was to receive public input on the need for changes in Chapter 364.

Federal Liaison

In 1988, the Florida Public Service Commission (FPSC) filed comments with the FCC in the following FCC dockets:

1. *South Central Bell Telephone Company and Southern Bell Telephone and Telegraph Company - Plan for Comparably Efficient Interconnection of Enhanced Service Providers.*

FPSC supported competition in the marketing of messaging services and supported BellSouth's entry into the market. However, we expressed the need to address certain logistical issues pertaining to the actual implementation of the CEI plan in Florida.

2. *Filing and Review of Open Network Architecture (ONA) Plans.*

FPSC questioned jurisdiction between intrastate and interstate arenas with respect to the filing of ONA tariffs. FPSC strongly supported the filing of ONA tariffs with state commissions. We discussed unbundling of currently tariffed local services for the provision of ONA services, use restrictions, and national technical interface standards. We envisioned a market structure for ONA services comprised of small ESPs oriented to local markets, with large ESPs oriented toward national markets and large users. Small ESPs would be most efficiently served by a feature-rich gateway as advocated by Judge Greene in his March 7, 1988 Order. Larger ESPs would likely require more direct connections to their customers. In the long run, we envisioned this system serving the various users efficiently under tariffs that are not susceptible to tariff "shopping". At the same time, prices charged to all users should be designed to encourage utilization and avoid charging a large portion of fixed costs to the inelastic local residential market.

3. *Southwestern Bell Telephone Company - Waiver of Section 64.702 of the Commission's Rules and Regulations to Provide Loop Status Verification Service.*

FPSC recommended that Southwestern Bell's request for a Computer II rule waiver be rejected for both substantive and procedural reasons. Substantively, the request was improper because it sought treatment of a monopoly service as an unregulated enhanced service. Procedurally, the FCC should not grant such waivers if they do not meet the standards in its Computer III decision for providing a specific service on an unseparated basis.

4. *Policy and Rules Concerning Rates for Dominant Carriers.*

FPSC recommended that the FCC's price cap plan should not be implemented for AT&T or the local exchange companies. We believed that the FCC failed to show that the price cap plan, as proposed, was in the public interest. We emphasized that the haste to establish a new regulatory regime should not take precedence over important regulatory issues.

5. *Telephone Company - Cable Television Cross-Ownership Rules, Sections 63.54 through 63.58.*

FPSC recommended against the lifting of the cable television cross-ownership ban. We stated that telephone companies should be allowed to construct and provide transport facilities for the transmission of cable television services to subscribers as part of its provision of local telecommunications services. We did not believe, however, that telephone companies should be permitted to operate cable television companies within their territories because the incentive to abuse their control over access to subscribers is too great.

6. *Petition for Declaratory Ruling of the National Telecommunications and Information Administration (NTIA).*

The FPSC filed comments supporting the convergence of, and proper interaction among, state and federal regulatory and judicial interests to oversee the telecommunications industry.

7. *Notice of Proposed Rulemaking regarding Link Up America.*

The FPSC supported elimination of two existing eligibility requirements: (a) that a customer not have had phone service for the past three (3) months and (b) that a customer not have had phone service for the past two years.

8. *Rules on Separation Procedures for Category 4 - Central Office Equipment, Circuit Equipment, and Category 3 - Cable and Wire Facilities.*

The FPSC stated that the separations changes should not be made until the Joint Board had more information concerning the actual impact of other separations changes it had made recently.In addition to filing the above mentioned comments with the FCC, the FPSC also filed a motion requesting clarification of Judge Greene's Opinion of March 7, 1988, regarding protocol conversion services. While we were not requesting the Court to amend or alter its Opinion, we sought a further discussion by the Court of what protocol conversion techniques are permitted to be

Service Evalution Activity

To measure the level of service provided by the state's telecommunications industry the Commission continued its comprehensive service evaluation program. Approximately 517,000 test calls were made across the state from four local exchange company areas (Southern Bell, Cocoa; General Telephone, Bradenton; United Telephone, Ft. Myers and Central Telephone, Marianna).

Among the items evaluated were: Answer Time, Repair Service, Installation Intervals, Missed Appointments, Directory Assistance and Billing Accuracy.The facilities of 48 interexchange companies were tested to measure call completions and timing accuracy.

In addition 5,796 pay telephones were evaluated for compliance with Commission rules.

Alternative Operator Services

Alternative operator services (AOS) providers generally serve the hospitality industry and share revenues with hotels and other host facilities.

Continuing staff's investigation of this new industry which was begun in 1987, the Commission held hearings to address whether AOS is in the public interest and if so, the appropriate level of regulatory oversight warranted.

The Commission decided that AOS is in the public interest only if certain rate and service standards are required. These requirements are specified in Commission Order No. 20489 issued in December.

Dual Party Relay

Section 427.508, Florida Statutes, relates to the dual party relay system, its study, and critical components. This section also requires the Florida Council for the Hearing Impaired to report its findings to the Legislature concerning the potential benefits and prob-

lems associated with implementation of a dual party relay system in Florida.

Staff provided technical background and assistance to the Council and in addition hosted a staff, industry and Council workshop on August 31, 1988, to explore dual party relay issues.

Show Cause

Proceedings have been initiated against 63 pay phone companies 23 long distance companies, 2 resort communities and 3 shared tenant service providers to require them to show cause why they should not be fined and/or have their certificates revoked for violating Commission rules.

*The **Electric and Gas Division** is responsible for providing technical information, advice and assistance in the accounting, engineering and rate areas regarding the regulation of the electric and gas industries. The Division is responsible in informal proceedings for analysis of testimony and exhibits, developing cross-examination and direct testimony, and preparing recommendations concerning the disposition of electric and gas matters.*

Electric Utility Rate Level Regulation

Two investor owned utilities petitioned the Commission for rate increases during 1988. Florida Public Utilities Company and Gulf Power Company, both serving the Florida panhandle area filed the necessary documents to initiate a rate proceeding under Section 366.06, F.S.

Florida Public Utilities Company (FPUC), Marianna Division, filed its petition on October 3, 1988. The utility serves approximately 10,300 customers in three northwest Florida counties. The Commission last set general rates for FPUC in 1978. A total increase of $690,888 was requested by the utility to bring the overall company rate of return to 9.13%.

The utility also requested interim rate relief under Section 366.071, F.S. totalling $592,505 which would yield a return of 8.98%. The Commission voted on November 29, 1988 to suspend the permanent rate increase pending hearings and to grant an interim increase of $473,603.

Service hearings will be held in the utility's services territory in January and February 1989. Commission hearings to determine the final level of increase to be granted are scheduled for May, 1989.

Gulf Power Company filed its petition for a rate increase on November 14, 1988, requesting an increase of $25.793 million to achieve an overall rate of return of 8.63%. Gulf serves approximately 279,000 customers in ten northwest Florida counties. Its last general rate case was concluded in January 1985.

Gulf also requested that a portion of the requested increase go into effect on February 1, 1989 to offset the phase out of capacity leases on two generating units. This capacity is now needed to supply Gulf's ratepayers and will be reflected in the rate base upon which rates are determined. The utility asked that at a minimum $18.118 million be allowed to go into effect on February 1. Staff recommended that no interim increase be granted because the utility has not sufficiently demonstrated financial distress. The requested "interim" was sought under the file and suspend statute, Section 366.06, Florida Statutes, because the utility did not qualify for any relief under the interim relief statute, Section 366.071, Florida Statutes. The Commission subsequently approved the staff position at the January 3, 1989 agenda conference.

Service hearings in the utility's service territory will be held in March, 1989. Commission hearings on the final increase will begin in Tallahassee during the last week of June, 1989 with the final Commission decision scheduled for mid-September, 1989.

In 1987, a stipulation with Florida Power Corporation (FPC) resulted in a $121.5 million permanent rate reduction and an additional one year credit of $18.5 million for so-called "unprotected" excess deferred taxes. These reductions became effective on January 1, 1988.

Per the terms of the stipulation, a review was to be made of FPC's earnings for the 12 month period ended September 30, 1988 to determine whether FPC was entitled to any revision in its rates due to increased depreciation expenses and nuclear decommissioning expenses. In addition, the continuation of the flowback of excess deferred taxes was to be reviewed. As a result of the review, FPC was granted a permanent rate increase of $10.669 million for additional depreciation expenses and nuclear decommissioning expenses, effective January 1, 1989. The excess deferred tax credit was determined to be $11.879 million for 1989.

The Federal Tax Reform Act decreased the top corporate income tax rate from 46% to 34%, effective July 1, 1987. For the year 1987, the effective rate was 39.95% which represents a blend of the two rates. The

Act also repealed the investment tax credit, introduced a new depreciation system, the Modified Accelerated Cost Recovery System, and introduced a new corporate alternative minimum tax.

During 1987 and 1988, the Commission adopted electric returns on equity to be used to determine the amount of any tax savings that would be refunded to the ratepayers. The returns on equity to be utilized are as follows:

		RETURN ON EQUITY		
Utility	***Authorized***	***1987***	***1988***	***1989***
Florida Power & Light Company	15.60%	13.60%	13.60%	13.60%
Florida Public Utilities Company				
Fernandina Beach	-----	13.70%	13.70%	13.50%
Marianna	13.25%	13.25%	13.25%	13.25%
Gulf Power Company	15.60%	13.60%	13.75%	13.75%
Tampa Electric Company	14.50%	13.60%	13.60%	13.60%

In addition to agreeing to a lower than authorized return on equity for tax savings purposes during 1988, FPL, GPC and TECO also agreed to the following:

1) Use of the lower return on equity for AFUDC purposes during 1988 and 1989;

2) Use of the lower returns on equity for surveillance report purposes, show cause proceedings and holding earnings subject to refund on a prospective basis; and

3) Agreed not to file for either interim or permanent base rate increases designed to become effective prior to January 1, 1989.

As a direct result of the use of these lower returns on equity in the calculations of the potential tax savings to be refunded, actual refunds were made in 1988 for the tax savings realized in 1987. The following tax savings refunds, excluding interest, were made during 1988: FPL - $53.3 million; GPC - $1.1 million; and TECO - $4.6 million.

After a review of the utilities' calculations, a stipulation was reached with TECO that the amount already refunded was appropriate. For FPL and GPC, however, hearings were held during the last week of November 1988 to investigate certain issues primarily concerning the computation of interest on the refunds and operations and maintenance expenses. On December 20, 1988, the Commission agreed that additional interest was due to the ratepayers.

Fuel Cost Recovery

Fuel cost recovery proceedings continue to be held twice a year to examine utility fuel cost, fuel transportation costs and costs related to system operations.

Hearings were held with Florida Power Corporation and Tampa Electric Company to address policy issues relating to how the Commission should determine the reasonableness of the price of fuel and fuel related services purchased from affiliates. As a result, the Commission determined that a market pricing system will be adopted for all fuel transactions with affiliates for which comparable market prices may be found or constructed. The Commission directed the parties to the proceedings to conduct workshops to establish such methodologies. A series of workshops were held with Tampa Electric late in the year and a market pricing methodology was implemented for TECO. Workshops relating to Florida Power Corporation's affiliated transactions are scheduled for early 1989.

Florida Power Corporation requested that it be allowed to retain 20% of the revenues associated with certain interchange power sales. The company maintained that this was consistent with the Commission's policy on economy (broker) sales. The Commission determined that the interchange transactions were a contract sale of capacity and interchange which did not warrant an incentive for the utility. Florida Power Corporation's request was denied.

Gulf Power Company terminated a long-term contract with Peabody Coal Company at a cost of $60 million to be financed by a combination of debt and equity contributions. Gulf will recover the costs associated with the buy out through the fuel clause over the next ten years. The rate payer will realize a reduction in fuel cost because the cost of coal purchased to replace the Peabody coal plus the amortized buy out cost is less than the cost of the Peabody coal.

The Commission decided that the methodology used to determine the incremental fuel cost for cogeneration as-available energy payments and system dispatch shall use the average price of replacement fuel purchased in excess of contract minimum purchase requirements. Generally, this means that the avoided cost payments to cogenerators is based on the spot cost of fuel. This is because the utilities would purchase additional spot fuel in the absence of as-available energy purchases.

NATURAL GAS UTILITY RATE LEVEL REGULATION

One gas utility rate case was completed during 1988. Gainesville Gas Company requested an increase of $403,845, of which $68,672 was granted and the balance denied. The Authorized Rate of Return on Equity was 13.30%.

During 1988, the Commission again adopted gas returns on equity to be used to determine the amount of tax that would be refunded to ratepayers. The returns on equity to be used are as follows:

Central Florida Gas	16.00%	13.70%
City Gas	15.75%	13.70%
Florida Public	14.50%	13.70%
Miller Gas	15.75%	13.70%
Palm Beach County	16.25%	13.70%
Peoples Gas System	14.25%	13.70%
Plant City	16.70%	13.70%
Southern Gas	16.00%	13.70%

CONSERVATION COST RECOVERY CLAUSES

The following table is a listing of utility expenditures for conservation and conservation cost recovery factors per KWH or natural gas therm:

COMMISSION REGULATED
FLORIDA ELECTRIC AND GAS UTILITIES
CONSERVATION COST RECOVERY FOR 1988

	*$ Amount Spent**	*Average Recovery Factor- Cents/Kwh or Cents/Therm*
Florida Power Corporation	37,363,624	.145
Florida Power & Light	32,314,725	.056
Florida Public Utilities**	122,641	.027
Gulf Power Company	2,513,960	.034
Tampa Electric Company	17,021,404	.140
Central Florida Gas	246,658	.341
City Gas Company	693,251	2.518
Gainesville Gas Company	407,170	1.425
Peoples Gas System	3,250,469	.618
St. Joe Natural Gas	44,275	.468
West Florida Natural Gas	700,948	1.355
TOTAL	**$ 94,679,125**	

* January - May are actual amounts
June - December are projected amounts.
**Marianna and Fernandina Beach divisions are combined.

Loan Guarantee Program

The loan guarantee program allows the Florida Public Service Commission to use up to $5 million of Regulatory Trust Fund monies to guarantee loans made by utilities or financial institutions to customers who purchase and install approved cost-effective energy conservation measures.

A. Loan Guarantee Program:

Three utilities have been approved for and are actively participating in the loan guarantee program. Under this program, the FPSC is required to maintain reserves equal to 5 percent of the outstanding principal loan balances.

Following is a summary of the FPSC Utility Loan Guarantee Program as of June 30, 1988:

Total number of loans	4,038
Total amount of loans made to date	$9,096,936
Total amount of loans repaid	$5,890,224
Total amount of defaulted loans	$ 29,556
Principal outstanding balance	$3,206,712

B. Energy Conservation Loan Test Program:

Modeled after the successful Loan Guarantee Program, the Energy Conservation Loan Test Program is designed to promote additional energy conservation in Florida. The Florida Public Service Commission by Order No. 16539, issued on September 3, 1986, initiated the loan test program. This program is designed to provide a guarantee and subsidy of loans by financial institutions to home owners or occupants in order to encourage retrofitting of existing housing to improve the efficiency of energy usage.

Investor-owned, municipal, and cooperative electric and gas utilities are eligible to adopt the test program and coordinate with financial institutions to promote and make loans to utility customers. Financial institutions may participate in the test program via an approved utility program and receive from the Commission a 4% interest subsidy and guarantee of loans covered by the program.

Gulf Power Corporation, Florida Public Utilities, Tampa Electric Company, Florida Power Corporation, Gainesville Regional Utilities, Lee County Cooperative, Lakeland Electric and Water, and the City of Tallahassee Utilities have been approved to participate in the loan test program. Participating financial institutions have been approved to loan $15,525,000 for residential conservation measures. As of June 30, 1988, the participating financial institutions have originated $5,102,189 in energy conservation loans.

Annual Planning Hearings

Pursuant to Chapter 403, Florida Statutes, the Commission is charged with the responsibility for determining the need for power plants proposed to be constructed in Florida. Considering only individual power plant applications does not provide the Commission with an adequate statewide perspective of the need for additional generation and transmission facilities. As an improvement to this process, the Commission initiated hearings on load forecasts, generation expansion planning studies and cogeneration prices. In doing so, the Commission seeks to implement the legislative mandate of Section 366.04(3), Florida Statutes, to exercise jurisdiction over the "planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities..."

In 1985, the Public Service Commission changed the previous Conservation Planning (Demand Side) and Annual Planning (Supply Side) Workshops to a single Annual Planning Hearing. A more formalized process of a hearing instead of workshops is necessary for the Commission to adequately address the increasingly complex conservation and cogeneration issues that have an impact on coordinated statewide planning.

Utilities in the panhandle of the state are interconnected with and jointly plan with the Southern Company utilities. Therefore, Gulf Power Company and several North Florida rural electric cooperatives are being treated separately in the 1989 Planning Hearing. The appropriate generation and expansion plan for these utilities will be based on the plans of the Southern Company.

Public hearings were held in January, 1987, at which time the Commission heard testimony from 23 witnesses and FPSC staff. Order No. 17480 presented the Commission's findings:

1. The designated statewide avoided unit is a 500 MW baseload coal unit with an in-service date of January 1, 1995.

2. A 70 percent capacity factor is adopted for computation of capacity payments to qualifying facilities.

3. Subscription to standard offer cogeneration contracts should be limited to the number of megawatts upon which the offers are based. Thus, the subscription limit associated with the 1995 avoided

unit is set at 500 MW.

The Commission has scheduled the next planning hearing for March 1989, with the utilities' studies to be filed by September 30, 1988. Testimony was presented at the last annual planning hearing that indicated more than a year is needed to prepare and evaluate the complex forecast studies and generation expansion plans which are the basis of the statewide avoided unit decision. A biennial planning hearing will allow the preparation of a sound statewide generation expansion plan as well as afford all interested parties an ample opportunity to conduct meaningful discovery on those studies once complete.

Energy Broker /Expanded Broker

The Energy Broker and the Expanded Broker systems continue to provide substantial savings to Florida's ratepayers. Fuel savings since the inception of the Energy Broker in 1978 and the Expanded Broker in 1982 are reflected below:

Energy Broker Savings

Year	Energy Broker	Expanded Broker	Total
1978	16,502,000	-	16,502,000
1979	22,195,000	-	22,195,000
1980	43,251,000	-	43,251,000
1981	62,164,000	-	62,164,000
1982	64,154,000	$4,450,000	68,604,000
1983	55,614,000	14,177,000	69,791,000
1984	44,892,000	9,941,000	54,833,000
1985	60,433,000	16,857,000	77,290,000
1986	24,832,000	13,000,000	37,832,000
1987	40,652,000	13,605,000	54,257,000
1988**	25,411,000*	7,443,000**	32,854,000
Total	**460,100,000**	**79,473,000**	**539,573,000**

* through September
**through June

The Energy Broker was an early "spinoff" from the Central Dispatch Study initiated in 1977 by the FPSC in conjunction with the Florida Electric Coordinating Group. The Energy Broker, a computerized system, begins when each utility quotes by telephone its fuel cost for the next hour at approximately twenty minutes before the hour. The Energy Broker then matches the high-cost quotes with the low-cost quotes in a manner that reduces overall cost to all utilities, both individually and collectively. Just prior to the hour, the energy broker issues the amount of kilowatt hours to be generated by each utility for the next hour. Energy brokering is a modified version of a computerized central dispatch. This original Florida concept has received national attention and, in 1979, the FPSC was the recipient of a U.S. Department of

Energy Certificate of Appreciation for its activities in this area.

The Expanded Broker has extended the idea of an hour-by-hour broker operation to include peninsular unit commitment scheduling for periods of up to seven days. The basic Energy Broker operation requires the buying utility to have on-line generating capacity to replace the purchased megawatts should the selling utility experience a generating failure. With the Expanded Broker operation, the backup generating capacity requirement would be assigned on a peninsular basis instead of a utility-by-utility basis. The potential savings, in dollars and oil, of assigning unit commitments on a peninsular basis are very large. Experimental Expanded Broker interchanges began in November, 1982. Permanent implementation began on June 1, 1984.

Qualifying Facilities and Cogeneration

A qualifying facility is defined as either a cogeneration facility or a small power production facility. A cogeneration facility is a facility where waste steam from an industrial process is used to generate electricity. A small power production facility whose capacity is no greater than 80 megawatts and whose primary source of fuel is biomass, waste, renewable resources or geothermal energy. The purchase of power from qualifying facilities results in disbursed electrical generating units that are electrically interconnected to the statewide transmission grid and operate synchronously with electric utility generating units. The Commission has pushed aggressively to identify potential qualifying facilities or their functional equivalent. As of September, 1988, Florida has almost 400 MW of committed firm capacity under contract from qualifying facilities. In addition, approximately 36 qualifying facilities provide non-contractual energy to the Florida grid.

By its enactment of the Public Utility Regulatory Policy Act of 1978 (PURPA), the Congress of the United States required that the Federal Energy Regulatory Commission (FERC) promulgate rules implementing PURPA and further required that each state regulatory commission develop procedures by which it would implement the FERC's rules.

As a result of the FPSC's 1981 and 1983 hearings designed to develop procedures to implement the FERC's rules, the Commission promulgated rules respecting Utilities' Obligation With Regard to Cogenerators and Small Power Producers, Rule 25-17.080, F.A.C., et. seq. These rules outline the procedures to be used and conditions associated with determining avoided cost payments to qualifying facilities.

In September, 1988, the FPSC initiated rulemaking in response to legislation passed in the 1988 session regarding the purchase of power from governmentally owned small power producing solid waste facilities. The intent of the legislation and the draft rule is to provide additional incentives for the development of environmentally sound methods of disposing of hazardous waste without imposing undue risk or cost to the electric consumers in Florida. A hearing on this rule is scheduled for December, 1988.

Federal Activities Regarding Qualifying Facilities

In March, 1988, FERC issued three Notice of Proposed Rulemakings (NOPRs). Under the authority of PURPA, the FERC proposed changes to their rule on the administrative determination of full avoided cost and introduced new rules regarding competitive bidding and independent power producers.

In response to the NOPRs, the FPSC submitted extensive written comments and appeared at FERC hearings to argue against the sweeping restrictive and preemptive effects of the proposed rules. The proposed rules would severely compromise Florida's existing policy regarding cogeneration and small power production and would also severely restrict the ability of the FPSC to develop future policies regarding cogeneration and small power production.

Cogeneration

On October 27, 1988, the Supreme Court of Florida upheld a 1987 Commission determination that a cogeneration facility could not sell energy directly to a retail customer without falling under the definition of a regulated utility. This decision provided a clear signal to other entities considering cogeneration that sale of electricity by a third party provider constituted a retail sale subject to this Commission's jurisdiction.

On April 24, 1987, PW Ventures, Inc. sought a declaratory statement on the jurisdictional status of a proposed cogeneration project. PW Ventures proposed to construct, own, and operate the cogeneration project for Pratt and Whitney, a division of United Technologies Corporation, on land leased from Pratt and Whitney. The unit would provide power for research and training operations of the Pratt and Whitney Government Products Division, two additional corporate divisions of United Technologies Corporation and a credit union located on the premises. The total output of PW Ventures would be sold to the Pratt and Whitney complex, with any excess sold to Florida Power and Light, in whose territory the operation was located. Pratt and Whitney would have the option to purchase the facility at the end of the initial contract period.

The Commission maintained in its order issued October 22, 1987, that the term "public" in the statute included sale to any member of the public, and therefore the PW Ventures project resulted in retail sale subject to Commission jurisdiction. PW Ventures argued that since the power was sold only to a single customer, the transaction did not constitute a retail sale under the statute.

The State Supreme Court upheld the Commission ruling as consistent with the legislative scheme of Chapter 366, Florida Statutes, which prohibits uneconomic duplication of facilities. If such ventures were allowed, the court decision stated, the potential exists for the franchised utility to lose substantial large customers. The balance of the general body of ratepayers would then be faced with higher rates to pay for stranded investment resulting from the loss of such customers.

Gas Regulation

Florida Gas Transmission Expansion

The Commission Staff has been active in intervention before the FERC in Florida Gas Transmission's (FGT) plans for expansion of its system. FERC authority was granted for Phase I of the expansion, which has been implemented and has brought FGT's capacity to 835,000 Mcfd. The Phase II proposed settlement, with agreement and support of all parties is still pending after a year. If approved by the FERC, Phase II will authorize expansion of the FGT system by an additional 100,000 Mcfd of capacity. The Phase II proposed settlement also makes firm transportation service available for the first time to all FGT's customers.

FERC should complete its environmental review in February, 1989, and could then act on the Stipulation and Agreement at any time. If approved as filed, FGT's Phase II facilities could be in place by the first quarter of 1991. However, the FERC may not act until FGT accepts a blanket certificate providing for open-access transportation under Order No. 500.

FGT plans to file four related applications with the FERC in mid-January, 1989, to bring open access transportation to its system. The applications provide for non-discriminatory firm, preferred interruptible and interruptible transportation and give customers the opportunity to nominate the type and level of service desired. Customers will also be free to structure gas supply contracts with FGT, independent producers, brokers or marketers. Contracts can be tailored to meet the requirements of individual customers with respect to price, security of supply, volumes, etc.

Another of FGT's filings will bring two-part rates to Florida to replace current volumetric rates, consistent with FERC requirements for open-access pipelines. Under two-part rates, firm transportation and sales customers pay demand charges for the amounts of daily peak and annual capacity they reserve. After FGT's new rates are approved, customers will renominate service levels for firm, preferred interruptible and interruptible sales and transportation in light of the

new rate for each service. Because there will then be a cost associated with reserving firm capacity, some customers may elect to turn back excess firm capacity for reallocation to others.

Sunshine Natural Gas System (Proposed)

American Natural Resources (ANR), one of the nation's largest pipeline operators, has filed a request with the FERC for authorization to build an undersea pipeline to Florida. If approved, the Sunshine Natural Gas System would bring natural gas from processing facilities near Mobile, Alabama, to various points in south Florida. Landfall of the proposed pipeline would be in Pasco County, near the Anclote Plant of Florida Power Corporation. It would there loop to the east of Tampa Bay, passing the Florida Power & Light Company's Manatee Plant, and then cross the state just north of Lake Okeechobee, and terminate at or near the Florida Power & Light Company's Martin Plant. Capacity of the proposed thirty-inch pipeline is 450,000 Mcfd. All gas would be customer-owned gas moving under transportation contracts, with no plans for system sales gas. The pipeline, if operated as proposed, will not be jurisdictional to the Florida Public Service Commission. Target completion was originally 1991, but that date will not be met. Sunshine is now part of the Mobile Bay open season filings.

Natural Gas Flex Rates

Flex rates allow natural gas utilities to reduce their rate to interruptible customers below the tariff rate, down to the point at which all fuel costs and the variable non-fuel costs are covered. The distribution company has, thus far, absorbed the reduction in revenues without cost to the rest of the ratepayers. Through the past two years of low fuel oil prices, flex rates to Contract Interruptible Customers have made it possible for several utilities to keep high usage customers on line making at least a partial contribution to fixed cost and covering all variable costs. Three companies using flex rates, discounted 160,159,046 therms of gas, absorbing revenue deficiencies of $4,056,903 during 1987 and 1988.

Price competition from alternate fuel seems to be a long-term problem. Requiring utilities to permanently absorb losses at these levels may leave utilities with no alternative but to discontinue flexing rates down. The probable resultant loss of interruptible sales is not in the long-term best interest of the general body of ratepayers. The FPSC, in 1988, approved Peoples Gas' request to modify its flex rate provision to allow potential future recovery of lost flex revenues. The proposal met certain conditions: (1) that any change to flexible rate provisions are equitable to all parties, including flexing ratepayers, non-flexing ratepayers and shareholders; (2) it is limited to deal only with the refund or recovery of revenues that result from applying a rate other than the interruptible tariff rate; and (3) the provision was not designed to allow recovery of lost revenues resulting from any changes of volume of sales or other outside influences.

Florida Gas Transmission - Take-or-Pay Buy-out and Buy-Down Recovery

Florida Gas Transmission Company (FGT) filed with the Federal Energy Regulatory Commission (FERC) on September 15, 1988, for recovery of take-or-pay buyout/buydown costs of approximately $36 million billed by Southern Natural Gas Company as a result of FGT's purchase deficiencies from Southern under FGT's service agreement from 1982 through 1986. FGT requested that the FERC approve a proposal for recovery, which allocated Southern's take-or-pay costs over only FGT's firm sales customer base.

The Florida Public Service Commission, along with FGT's customers, intervened in Docket No. RP88-253-000. The FPSC stated that: (1) FGT purchase deficiencies from Southern occurred because FGT elected to pursue a least cost purchasing strategy, and

not because of purchase deficiencies by FGT's customers; (2) all of FGT's customers, firm or interruptible, benefitted from those lower costs and, therefore; (3) all customers should contribute to payment of those take-or-pay resolution costs.

On October 28, 1988, the FERC issued an order in Docket No. RP88-253-000 stating that FGT's system was certified to serve a largely interruptible load, and that any allocation methodology should be based on both firm and interruptible sales.

FGT refiled a stipulation and agreement to settle in Docket No. RP84-44-000. As part of the offer to settle, FGT would collect through its PGA and through the surcharge applicable to Sales Displacement Transportation, or through any other mechanism, a maximum of 38% of the aggregate Southern fixed charges, billed to FGT by Southern over the amortization period (five years utilized by Southern) from its jurisdictional resale customers. The ratepayers of regulated and non-regulated distribution systems thus stand to save over $23 million over the next five years.

From 1982-1986 (the so-called deficiency period used to calculate the $36 million), FGT's wholesale gas customers (local distribution companies, municipalities, and cooperatives) purchased approximately 38% of the gas sold by FGT. The remaining 62% of FGT's gas supply was sold to direct customers, much of it under interruptible rate schedules.

Mobile Bay Open Season Capacity Filings

The FPSC has intervened before the FERC in all filings in the Open Season Filing for Mobile Bay gas transportation.

Enron and Sonat have proposed the Jubilee Pipeline, which would bring Mobile Bay gas from offshore and connect to the proposed Mobile Bay Pipeline. The Jubilee Pipeline Project is independent of FGT, and, therefore, will have no direct impact on FGT's rates.

FGT, Southern Natural Gas Company and Tennessee Gas Pipeline Company have filed for approval to construct and operate an onshore pipeline to bring Mobile Bay gas up to FGT's existing system. The Mobile Bay pipeline will have a capacity of 900 million cubic feet per day. FGT's share of that capacity will be 300 million cubic feet per day. FGT's interest in Mobile Bay Pipeline will be treated as an extension of the FGT system. Because of a backhaul leasing agreement, this project would result in a net reduction of $18 million in FGT's cost of service.

The only other Mobile Bay open season filing now known to be of direct interest to Florida is the Sunshine Natural Gas System which as been discussed previously.

Gas Safety

In 1988, 24 written notifications of gas safety violations were issued. These notifications cited 56 rule violations ranging from improper welding of steel pipe to inadequate system mapping. All violations have either been corrected or scheduled for correction pursuant to the Commission's Standard Operating Procedures. Pipeline safety evaluations covered 82 gas systems with approximately 15,578 miles of gas main and 478,584 natural gas customers.

Outside force damage (pipelines cut or damaged by others engaged in construction activities) to natural gas pipelines continues to be the leading problem in Florida, as well as the rest of the country. Florida has recently gone to a statewide one-call system. If history holds true, the number of outside force damage incidents should decline as more utilities participate in the one-call system.

The number of natural gas accident and outside force incidents meeting the reporting requirements of the Commission are listed on the ***following page*** for the nine-year period since 1980.

NATURAL GAS ACCIDENTS

Year	No. Of Systems Reporting Accidents	No. of Incidents	No. Of Injuries	No. of Fatalities	Outside Force
1980	12	17	6	6	13
1981	13	29	36	1	14
1982	12	29	12	2	11
1983	5	20	8	0	14
1984	8	18	1	0	14
1985	12	25	3	2	17
1986	7	16	2	0	14
1987	8	16	5	2	13
1988	8	19	1	0	18

Electric Safety

The Bureau of Electric Safety was established in August, 1986 pursuant to legislation enacted July 1, 1986. The Bureau is comprised of the Bureau Chief, three engineering supervisors, eight engineers, and a secretary.

The commission rule implementing the 1986 legislation became effective in August, 1987. In March, 1987, the electric utilities began reporting their completed transmission and distribution work order numbers of work that was completed after July, 1986. A total of 8,326 inspections have been completed on random sampled numbers from the 110,523 work order numbers processed this year. New construction (completed after July 1, 1986) accounted for 1,616 variances from the National Electrical Safety Code. In addition, 3,573 code variances found on old construction were reported to utilities for corrective action.

Please see the following page for a report of public electric contact injuries from 1981 through 1988.

ELECTRIC SAFETY

The following chart is a report of public electric contact injuries from 1981 through 1988.

YEAR	NUMBER OF INCIDENTS	NUMBER OF INJURIES	NUMBER OF FATALITIES	CONSTRUCTION RELATED		NON-CONSTRUCTION RELATED	
				INJURIES	FATALITIES	INJURIES	FATALITIES
1981	74	71	15	30	5	41	10
1982	58	45	19	12	5	33	14
1983	39	30	17	7	5	23	12
1984	39	30	17	16	4	14	13
1985	38	35	17	11	3	24	14
1986	46	36	15	7	9	29	6
1987	54	53	23	10	7	43	16
1988	46	39	17	18	0	21	17

*The **Research Division** is responsible for preparation of studies of policy alternatives; research to determine trends and conditions affecting public utility operations and regulations; and studies on rate elasticity, productivity, finance and demand projections.*

The division has three major functions: preparation of research studies, provision of technical support, and provision of information services.

Research Projects

During 1987-88, the division addressed a variety of regulatory research issues. Work was finalized on a report concerning the use and feasibility of contributions-in-aid-of-construction and a study of alternatives to rate of return regulation. A report on electric load retention rates was also published.

The division also pursued studies of optimal water and sewer plant size and type; effective competition; costs of regulation; deregulation; and analysis of reserve margins, used and useful adjustments, and allowance for funds prudently invested (AFPI). An investigation of telecommunications industry structure was initiated during the year.

Technical Support

Preparation of economic impact statements for proposed rules continued to occupy a significant portion of research staff time. Twenty-four economic impact statements were prepared, ranging from rules on depreciation schedules and rates to those on corporate income tax expense adjustments. Other significant support activities included provision of economic expertise on the Federal Energy Regulatory Commission's Notices of Proposed Rulemaking (NOPRs) concerning bidding, avoided cost, and independent power producers; consultation services on price indices and forecasts of utility revenues; analysis of potential gross receipts revenues from the water and sewer utilities; and analysis of proposed federal acid rain legislation. The acid rain work included analysis of the proposed bills, assisting the Electric and Gas Division with development of economic impacts of the bills, and a number of presentations of the findings to various regulatory bodies.

Research staff also assisted in the development of a program to provide in-house training on technical regulatory issues and planning of the National Association of Regulatory Utility Commissioners (NARUC) Introductory Regulatory Training Program held in Tampa in April 1988 and the Fifth NARUC Electric Research and Development Seminar to be held in Idaho in September 1989.

Information Services

The division produced various publications of operational and statistical information, including a statistical report on the electric utility industry and publications of comparative statistics for the telephone and electric industries. A deflated version of the comparative statistics report for the electric investor-owned utilities was also published. All of the reports are updated annually to incorporate current information and make appropriate revisions.

Other information services included responses to a number of requests for data and information from other commission staff and from other regulatory commissions and agencies.

It is the responsibility of the ***Water & Sewer Division*** *to enforce the statutes and commission rules and regulations governing the operations of privately owned water and sewer utility systems in the 33 counties subject to Public Service Commission regulation. The division is primarily involved with certification of utilities and areas of service as well as regulation of rates and quality of service.*

During 1988, the Division of Water and Sewer continued working on the steady volume of docketed applications that were received by the Commission from the 736 regulated water/sewer systems in the state. During the year, the Division received 13 file and suspend rate cases, 17 staff assisted rate cases, 7 applications to increase service availability charges, and 153 pass through and/or price index rate adjustment applications. In the certificate area, the number of applications for 1988 increased substantially over the last few years. Detailed numbers of certification applications are listed in a subsection below.

In addition to the regular case load activity, the Division also worked on and have accomplished improvements in the regulation of the water and sewer industry in the areas of tariff filing information, rate case minimum filing requirements, certification activity, alternative rate case procedures, as well as the sponsorship of the Eastern Rate Seminar.

Tariff Filing Information System

In August of 1988, the Water and Sewer Division began implementing a new system to improve the process by which tariff filing applications are handled. Staff appropriately named this system the "Water and Sewer Tariff Filing Information System (WASTFIS)."

WASTFIS combines a software package, designed by the Division of Information Processing, and detailed administrative procedures which together serve as a management tool. It is projected that WASTFIS will increase the efficiency and frequency of staffs' processing of tariffs filed. Furthermore, information may be generated in report format for staff to use as they monitor the status of each tariff filed, and all the information pertinent to a tariff filing is maintained for

Division of Water & Sewer
1988 Tariff Filings

WASTFIS Database Code	*Tariff Filing Description*	*Number of Tariff Applications*
CORR	Correction of Text	38
DTER	Delection of Territory	0
ECER	Extension of Certificate	22
GCER	Grandfather Certificate	3
INDX	Price-Index Rate Adjustment	82
IDXP	Price-Index & Pass-Through Rate Adjustment	40
IVGT	Investigation	9
LIMP	Limited Proceeding	3
MSC	Miscellaneous Service Charge	12
NCS	New Class of Service	9
OCER	Original Certificate	32
PTHU	Pass-Through Rate Adjustment	8
RC	Rate Case	48
SA	Service Availability	26
SARC	Staff-Assisted Rate Case	39
TCER	Transfer of Certificate	42
TGOV	Transfer to Governmental Agency	8
TOTAL:		421

research purposes.

During 1988, WASTFIS recorded 421 tariffs filed with the Water and Sewer Division. The Price-Index and Pass-through Rate Adjustment applications account for 40% of the 1988 tariffs filed, a 49% increase over last year. File and Suspend Rate Case and Staff Assisted Rate Case applications account only for 20% of the 1988 tariffs filed, a 10% increase over last year. Comparing 1988 to 1987 tariff filing applications, the Water and Sewer Division realized a 68% increase in tariff activity.

Rate Case Minimum Filing Requirements

The Florida Public Service Commission has not materially modified the minimum filing requirements (MFRs) for the water and sewer industry since at least 1981. Since that time, Commission staff has had to rely upon various discovery methods, such as interrogatories and staff audit requests, to acquire the information it needed due to the inadequacy of the existing MFRs. Much of the necessary information obtained through discovery is received after the initial filing, and thus after the "clock has begun to run." It is far more desirable for staff, as well as other interested parties, to obtain the information at the beginning of the case.

The Commission staff is proposing to amend the MFRs to include all necessary information at the time of filing and to require presentation of the data in a more organized form. The new rule will consist of the written rule and two forms, which are incorporated into the rule by reference. Proposal of this rule amendment does not represent a Commission policy change, but will create a uniform presentation, providing consistency between utilities and rate applications. Additionally, the proposed MFRs are similar to those now used in the other industries regulated by this Commission.

On December 11, 1987, the staff held a workshop for interested parties in order to discuss all aspects of the proposed revision to the MFRs. Upon consideration of the comments received at the workshop, staff reviewed its draft and subsequently initiated the rule-making process. An economic impact study (EIS) of the draft rule revision was requested and the results were formulated into a report presented to staff on August 3, 1988. Staff took the results from the EIS and submitted a recommendation to the Commission for the November 15, 1988 Agenda Conference.

Due to the level of controversy surrounding the rule revision, the Commission voted to defer the item and directed staff to re-analyze the comments. Since rate case expense is such a material issue in a water and sewer rate case, the Commission wanted to ensure that only that information which is absolutely necessary in all rate increase applications be included in the minimum filing requirements.

In compliance with the Commission's instructions, staff reduced the number of MFR proposals and mailed out its most recent revision to all water and sewer utilities and interested attorneys and consultants. This package was mailed out on December 23, 1988, for review. A deadline of February 17, 1989, has been established for receipt of comments, which will allow staff sufficient time for analysis and compilation of the comments received.

Certification Activity

Prior to the issuance of a permit by the Department of Environmental Regulation for the construction of a new water or sewer facility, the utility must obtain a certificate authorizing it to provide service or a Commission order recognizing the exempt status of the system. Exemptions that are clear cut and without controversy are handled through the issuance of an administrative order. Unique or particularly complex requests for exemptions are brought to the Commission for a decision. In 1988, the Bureau of Certification processed 78 requests for exemption.

The bureau also processed 17 applications for grandfather and original water and/or sewer certificates. In establishing initial service availability charges, the Commission has set a target level of contributions-in-aid-of-construction (CIAC) of 75% of net plant at

the time the system reaches capacity.

The Bureau of Certification also processed 34 applications for transfer of utilities and 53 territorial amendments. In addition, several notices of applications for original certificates, transfers or amendments were protested and resulted in a public hearing before the Commission.

Alternative Rate Case Procedures

The Commission instituted an investigation into Rate Setting Procedures and Alternatives for water and sewer utilities. The investigation began with three workshops conducted by staff. Two were held in Tallahassee and one was held in Orlando to solicit discussions about problems with the current rate setting procedures. The major topics that were developed at the workshops were: (1) the classification of utilities; (2) inmpact of EPA/DER requirements; (3) rate case data requirements; (4) uniform rate for companies with multiple systems; and (5) non rate base regulation for small companies. The workshops were well attended, and detailed issues and recommendations were prepared to be presented to the full Commission at a hearing scheduled for early January, 1989.

Eastern Rate Seminar Sponsorship

The PSC, along with the NARUC Water Committee and the University of Utah, sponsored the 16th Annual Eastern Utility Rate Seminar in Hollywood, Florida, during the week of October 16, 1988. Commission staff members helped with the planning and organization for the seminar, as well as participated as faculty members in several areas. The seminar's format is the basics of utility rate making, where students are broken into groups and learn by working through all aspects of a hypothetical rate case from test year to rate design. One hundred eight students attended the seminar this year.

*The **Division of Administration** has overall responsibilities throughout the commission in areas of internal administration, including accounting, personnel, budgeting, planning, training, purchasing, overseeing commission-owned automobiles, duplicating, distributing mail and leasing office space and equipment.*

Bureau of Budget and Training

An extensive training program continued throughout Calendar Year 1988, with approximately 20,000 hours of classroom instruction being given to PSC employees. Classes encompassed such subjects as: Supervisory Management, Personnel Rules and Regulations, Performance Evaluations, The Use of Microcomputers and Related Software Applications, Time Management, Business Writing, Telephone Communications, Budget Preparation, and Professional Presentations.

In addition, workshops and seminars related to the technical aspects of utility regulation and cross-training between divisions and disciplines were attended by a majority of technical employees. Also, various courses related to human relations' skills were attended by a number of employees.

The Legislative Budget Request for the 1989-91 Biennium was prepared and submitted to the Executive Office of the Governor on October 30, 1988. The submission primarily contained continuation costs, with modest increases for workload and inflationary increases. The submission also contained a modest request for improved programs in the water and sewer industry.

*Please see **page 52** for the Regulatory Trust Fund Appropriations and Regulatory Trust Fund Revenues.*

Bureau of Fiscal Services

Staff members have continued to support the Commission through the routine activities of collecting revenues, paying invoices, preparing employee payrolls, and reimbursing travel expenses (statistics reflected below). The Bureau has also been involved in the development and implementation of several special projects, some of which have been initiated as a result of the availability of the microcomputers through the new networking system. The projects are: (1) the microcomputer system for reporting the Regulatory Assessment Fee collections and delinquent companies, (2) automation of the Travel Reimbursement form and the Management Travel Reporting System, (3) better defining the Commission's property in SAMAS (State Automated Management Accounting System), and (4) financial analysis relative to long-term revenue needs.

*Please see **page 53** for statistics indicating activity in the major functions of the Bureau.*

Bureau of General Support Services

Four copiers were upgraded during 1988, resulting in improved service and productivity for the Commission.

Extensive refurbishing of furniture throughout the Commission was completed during this period, utilizing the services of PRIDE.

*Please see **page 53** for a summary of the Bureau's workload during 1987 and 1988.*

Bureau of Personnel

In October 1988, the Department of Administration decided to conduct a Statewide "open enrollment" in an attempt to clear some of the confusion that occurred earlier in the year and get the out-of-pocket deductibles on cycle with the calendar year. Therefore, from December 1 to January 31, all state employees were again advised of an open enrollment and given the opportunity to change plans and/or add dependents.

Implementation of Chapter 88-165, Laws of Florida, took effect on October 1, 1988. This law prohibits the employment or promotion of persons who have not registered with the selective service if such persons are required to register. This affects all present and future male employees who were born after December 31, 1959. Affected employees must provide documentation indicating that they have registered or are exempt under the Selective Service law, prior to being promoted. Also, submission of documentation is required before a new employee can be placed on the Commission's payroll.

Effective November 9, 1988, Chapter 22 A-3, Florida Administrative Code, relating to the recruitment, eligibility and selection of employees within the Career Service System, was revised. This rule transfers to the agency the responsibility of determining the eligibility for applicants applying for vacancies within the Commission. A requirement of this rule is the submission of a selection procedure to the Department of Administration prior to January 1, 1989. The Commission's procedure was submitted on December 28, 1988.A total of 1,219 personnel actions were processed through COPES.

During 1988, a total of 74 vacancies were advertised by Job Opportunity Announcements. Of these vacancies, 55 were professional and 19 were clerical. Effective January 1988, all vacancies are now entered in COPES, which provides a listing of vacancies to all State agencies and Job Service Offices in the State.

The Commission's sick leave pool now has 235 members and a balance of 2,354 hours. During this year, we had our first withdrawal from the pool, which was 69 hours.

For a summary of personnel actions during 1987 and 1988, please see ***page 53.***

*The **Consumer Affairs Division** has the primary responsibility for consumer relations and communications. This involves investigating and resolving consumer complaints, issuing news releases concerning commission decisions and studies, preparing statistical summaries and consumer complaint activity, developing educational presentations for consumer and civic organizations, preparing testimony for rate cases on complaint activity, and participating in or initiating other dockets on consumer matters.*

The Division of Consumer Affairs received 44,189 complaints from customers during 1988, down 14 percent from the 51,367 complaints handled in 1987. Of these complaints, 5,857 cases were logged against regulated utilities and investigated.

Included in the total complaint activity are 1,616 letters to which division personnel responded with information to consumers about commission activities and regulations.

In 1988, the number of logged complaints was down 9 percent from the 6,412 complaints logged in 1987. The reduction in logged complaints to 5,857 was mainly the result of fewer complaints against the major electric companies. Consumer Affairs logged 394 fewer electric complaints in 1988. There were also 216 fewer gas complaints and 95 fewer water and sewer complaints.

In 1983, the Division of Consumer Affairs began tracking the savings to customers as a result of action on complaints filed with the division. Records are kept when a customer receives a refund or a credit on his bill because of action taken by Consumer Affairs on his complaint. During 1988, these savings topped $1.6 million over the six-year period. Savings and credits to customers for 1988 were $429,386, the highest annual savings achieved.

In 1988, all four of the major electric companies had decreases in complaints, with Florida Power Corporation showing a five percent decrease, Gulf Power Company having a 15 percent decrease, and Tampa Electric Company complaints declining by 22 percent for the year. Florida Power & Light Company, the state's largest electric company, had the largest decline in complaints with a 25 percent drop.

In 1987, gas complaints increased 26 percent industry-wide, with all but three companies showing an increase in complaint activity. The industry was able to reverse that trend during 1988 with a 61 percent deline in complaints. One major reason was the dramatic decrease in complaints for Peoples Gas System, the largest gas utility in the state. Peoples Gas complaints decreased 81 percent for the year, the largest reduction for any major regulated utility.

Only three gas companies recorded an increase in complaints during 1988. These were Central Florida Gas, Florida Public Utilities, and Miller Gas.

In the telephone industry, complaints were up four percent in 1988, and complaints against long distance companies and pay telephone providers continued to increase.

The number of water and sewer complaints dropped for the second straight year in 1988. Complaints were down 26 percent, from 372 cases in 1987 to 277 complaints in 1988.

*Please look on **pages 55 through 67** for charts showing industry-wide complaint activity and a breakdown of complaints for each utility.*

In June, 1988, the Division of Consumer Affairs entered testimony into Docket No. 871394-TP which was a review of the requirements appropriate for alternative operator services and public telephones. The division testified that in less than five months 263 customers had made complaints about this growing new industry in Florida. The written testimony filed by the division and oral testimony given at the hearing helped identify for the commissioners the kinds of problems customers in Florida were experiencing, and also made recommendations for specific operating standards.

The division continued its telephone training program for new PSC employees. In 1988, 18 employees worked 76 days in Consumer Affairs responding to customer complaints.

Public Information

The Public Information Office continued to distribute news releases about decisions of the commission. Public information responsibilities include: writing and issuing news releases on regulatory decisions, editing the PSC's Annual Report, providing special reports at public meetings, and correlating information gathered from the various bureaus for response to the media, utility customers, local, state and federal government officials and state agencies.

*The **Division of Information Processing** is responsible for the coordination of the computer, word processing, and data requirements of the commission. The division provides technical support to the commission staff in developing, selecting, and maintaining computerized applications, software, microcomputer systems, and word processing systems and provides training for the commission staff in their use.*

The Commission's network continued to grow in both size and capabilities in 1988, from 99 micros and 56 word processing stations to 147 micros and 59 word processing stations (including the portables in use by the field audit staff). This means that more of the professional and clerical staff now have access to the shared word processing system, electronic mail, calendar, spreadsheets, and networked data base applications. New laser printers were added, bringing the total to 19 including the three serving the field offices; a new feature on the network makes all the in-house WANG printers, laser and daisy-wheel, available for use by the micro users.

The large database applications which were running on the Florida State University CDC mainframe computer have mostly been shifted to the in-house network, thereby dropping DPS costs by a considerable amount. The largest of these was the Case Management System which came on-line in July; parallel processing with FSU was dropped by the end of September. Once it was successfully implemented, many desirable enhancements were made, such as links to the Commission Utility Directory and the beginnings of a Document Tracking System. This system will continue to be developed as the Commission staff defines what would be most helpful to them.

The Commission continues to utilize outside data services as necessary - WESTLAW, PHINET and Northwest Regional Data Center for the Audit Analyzer, for example, and will continue to explore new services as the need arises. Additional services such as desktop publishing, including the ability to scan photographs and read hard copy documents with optical character recognition have been implemented. One of the most flexible and easy to use features installed on the network this year is the Harvard Graphics software. The staff can now produce limited quantities of hardcopy color graphs for use in presentations, as well as lively "screenshow" presentations for small groups.

Training continues to be provided for Commission users in word processing, electronic mail, calendar and other WANG office features. As other features are added DIP will provide formal training as necessary and "upon demand" support for new users and for network problem solving.

Several non-network micro applications were completed such as the Water & Sewer Information Filing System, modeled after the Communications Tariff Information Filing System, an Audit Tracking System, the Administrative Inventory Management System, a Copier Cost System, and enhancements made to others such as the Regulatory Assessment Fee system. Work has begun on the revision of the Management Information System and the completion of the second and third phases of a Commission Travel System.

*The **Division of Records and Reporting** receives and processes all formal matters filed with the Commission and keeps the official records of the Commission. In addition, the Division maintains permanent record books, records the minutes and formal decisions of the Commission, maintains records of all pending proceedings, prepares and issues notices of all hearings, arranges hearing sites, serves all orders and prepares the agendas for Commission conferences.*

The Division also coordinates the Commission's Records Management program, maintains confidential document files and controls, publishes supplements to the Commission's Rules, maintains the Central Directory of Utilities, and performs the function of Case Manager by maintaining records of case schedules and monitoring compliance with those schedules.

The flow of documents increased during 1988, up 1,666 documents from 1987, for a total of 13,549 filings of all varieties received and processed throughout the year. 1,612 of those documents were assigned new docket numbers, and received the additional treatment necessary in establishing all new dockets. Throughout the year, 1,638 documents were processed to completion, with 573 active docket files remaining on the shelves of the Record Center at year's end. Case Assignment and Scheduling Records (CASRs) were originated on every new docket, and Case Management processed a total of 2,516 CASRs in 1988, of which 944 were revisions to earlier CASRs. The Division issued 1,987 orders and 192 notices during the year, an average increase of 20 percent over the previous year's issuance.

The Division prepared the agendas for 28 Commission conferences during the year. Five of those conferences were designated as "special conferences," since they dealt with discussion of just one major docket. Vote sheets and minutes were prepared to record the Commissioners' votes on all dockets brought up for discussion and decision. The Division arranged locations for 159 hearings in Tallahassee and throughout the state during the year, and prepared 42,308 pages of transcripts of those hearings.

In the midst of this increased activity, the Division continued coordination with the Division of Information Processing to implement the Case Management system which, when on line, will provide for recording of pertinent docket information and allow access throughout the Commission. Entry of pertinent information on filings and case activity was scheduled to begin in January ,1989, with further enhancements being implemented during the year.

The ***General Counsel*** is the Florida Public Service Commission's Chief Legal Counsel. She supervises the Commission's legal personnel and is charged with the administration and the delegation of responsibilities to the Division of Legal Services and the Division of Appeals. The General Counsel is responsible for seeing that the commission is advised as to the role and scope of its regulatory responsibilities; assisting the Executive Director in the coordination of inter-agency and legislative liaison; and representing the Commission before federal agencies.

The General Counsel's ***Appeals Division*** *has responsibility for providing indirect legal services and advice to the commissioners. It prepares notices, recommendations and orders; attends hearings; represents the commission before state and federal courts; promulgates rules and regulations; and acts as inter-agency and legislative liaison in cooperation with the executive director. The Division also provides legal services and advice to the Division of Administration on personnel, contractual and other administrative matters.*

Appeals

Nine appellate decisions were handed down on Commission orders during 1988. All nine decisions were favorable to the Commission. In the appeals cases closed, the PSC orders in six were affirmed, two cases were voluntarily dismissed, and in one case, the requested Petition for Writ of Prohibition was denied. Five of the favorable decisions were water and sewer utility cases, three were electric cases, and one involved telecommunications.

During 1988, 12 new appeals were filed, and as of December 1988, there were twelve pending. Five of these are in the electric utility area, four in the telecommunications area, and the remaining three are water and sewer utility cases.

Two of the more significant appellate decisions in 1988 were the Florida Supreme Court's opinions in South Florida Natural Gas Company v. Public Service Commission, No. 71,035 (Dec. 8, 1988) and P.W. Ventures, Inc. v. Katie Nichols, No. 71,462 (Oct. 27, 1988).

In the South Florida Gas case, the Court held that a utility's act of filing of a rate increase creates disputes of material fact to be resolved by the Commission and that the utility bears the burden of proof on the issues raised. The utility had argued that the submission of information required by the Commission's Minimum Filing Requirements demonstrates a *prima facie* entitlement to rate relief and that the burden of proof rested on the party opposing the rates request. The case more clearly defines the nature of Commission hearing procedures under Chapter 120, Florida Statutes.

In P.W. Ventures, the Court agreed with the Commission that the definition of a "public utility" in Chapter 366, Florida Statutes, extends to cover a cogenerator serving a single unaffiliated customer. The case turned on whether the phrase "supplying electricity . . . to or for the public" could be construed to mean "any member of the public". The Court said it could. The case is a significant statement on the scope of Commission jurisdiction to regulate sales of electricity by small power producers.

Federal Liaison
Electric & Gas /Water & Sewer Industries

1988 was an active year for the Commission in proceedings before the Federal Energy Regulatory Commission. FERC got the attention of this Commission and all other state regulatory commissions by issuing notices of Proposed Rulemaking on Avoided Costs, Bidding, and Independent Power Producers. These proposed rules, as issued, appear to mandate the methodology that must be used to determine avoided costs, provide strict guidelines for competitive bidding systems and create a new category of independent power producers with significant changes in how they are regulated pursuant to the Federal Power Act. The Commission filed written comments on all three Notices of Proposed Rulemaking and made oral comments at the workshop in July.

The Commission actively participated in Florida Gas Transmission's (FGT) cases before FERC involving expansion, entitlements, and take or pay buy-out and buy-down costs. Although FGT has avoided take or pay liability with its producers, it was allocated buy-out and buy-down costs based upon the take or pay liability of Southern Natural Gas Company (an upstream pipeline supplier). In the FERC proceeding, the Commission requested that take or pay costs be spread among all of FGT's customers, including interruptible sales. The resultant FERC decision allocating take or

pay costs among all of FGT's customers will have a significant impact on the costs passed on to the ratepayers of local distribution companies.

The Commission also intervened in FERC proceedings involving Sunshine Natural Gas Company's proposal to construct a pipeline to serve Florida customers. The application is still pending.

Acid rain was the subject of much discussion in Congress once again. In 1988, twelve different legislative proposals on acid rain were filed. The Commission staff evaluated the different proposals and estimated the potential impact. Although no major legislation was passed, it remains a hot topic. The starting point for proposed legislation for the 1989 Congress is likely to be the Mitchell compromise discussed at the close of the 1988 session.

The Price Anderson Act, which provides financial protection for the public in the event of bodily injury or property damage caused by a nuclear power accident, was extended. The liability limit was increased to $7 billion.

The recent amendments to the Safe Drinking Water Act are expected to have a significant impact on water utilities in Florida. Water utility companies are expected to incur substantial costs to comply with the increased testing standards contained in the law.

Federal Liaison Telecommunications

In the federal telecommunications area the Commission responded to proposals of the Federal Communications Commission in several dockets. Notable among these were the FCC's proposal to allow provision of cable TV services by local telephone companies and the "Link Up America" program designed to help the poor maintain telephone service.

The Commission also intervened in a number of federal court proceedings involving telecommunications matters. Among them were State of California v. Federal Communications Commission, Case No. 87-7230 et al. in the U.S. Court of Appeals for the Ninth Circuit (appeal of FCC's Computer III decision on provision of enhanced services); National Association of Regulatory Utility Commissioners, et al. v. Federal Communications Commission, Case No. 86-1678, U. S. Court of Appeals for the District of Columbia Circuit (appeal of FCC decision preempting state regulation of inside wire services) and Public Utility Commission of Texas v. Federal Communications Commission, Case No. 88-1274, et al., U.S. Court of Appeals for the District of Columbia Circuit (appeal of FCC decision preempting state commission's authority to limit provision of local exchange telephone service to certificated telephone company in which the customer is located).

These decisions are expected to have a significant impact on the type of service to be offered by local telephone companies and will further define the jurisdictional boundaries between state and federal telephone regulation.

Confidential Information

With the advent of competition in the utility industry has come an ever increasing demand for confidential treatment of proprietary utility information. During 1988, the Commission received over 300 documents for which rulings on confidentiality were required.

In the face of the increased demand on the Commission's time and resources created by confidentiality matters, the General Counsel and Executive director established a task force to review the rules and procedures on disposition of confidentiality requests. The task force issued its report on November 14, 1988, proposing revisions to Rule 25-22.006, F.A.C., and the Commission's Administrative Procedures Manual. The Division of Appeals will be instrumental in carrying out these proposed changes in 1989.

Rulemaking

In 1988, the Commission adopted 27 rules or rule amendments. Some of the more significant new rules and rule amendments were: adoption of new Rule 25-22.032, F.A.C., pertaining to customer com-

plaints; the amendment of Rule 25-6.049, F.A.C., dealing with measurement of customers' electric service; changes to the customer deposits Rules 25-4.109, 25-6.097, 25-7.083, 25-30.311, F.A.C., and proposal of new Rule 25-17.091, F.A.C., which establishes the terms for contracts between electric utilities and governmentally operated generating facilities fueled by solid waste.

***The Division of Legal Services** provides direct legal services and represents the staff in proceedings before the Commission, and the Commission itself in proceedings before the Division of Administrative Hearings or state or federal courts.*

Communications Bureau

In 1988, the Communications Bureau of the Division of Legal Services was involved with several major proceedings. During the year, the Commission completed Phase II of its investigation of nontraffic-sensitive cost recovery. This final phase established the framework for future access charge reductions by the local exchange companies (LECs). A system of billing and keeping LEC toll revenue was implemented January l, 1988, completing the transition from the revenue pooling system previously used by the LECs.

In January of 1988, Southern Bell Telephone and Telegraph Company filed petitions to provide a new regulatory system for ratepayers and company shareholders to split earnings over a threshold, with an absolute ceiling after which all earnings would be returned to ratepayers. Before the case was over, the Prehearing Officer or the full Commission would spend close to fifty hours of hearing time on procedural matters, generally related to confidentiality or discovery. The actual substantive hearings were held in July. This case resulted in total rate reductions or refunds of over $500 million for the period 1988-90 thus far. The Commission ordered that earnings over a threshold of 14% return on equity would be divided 60/40% in favor of the ratepayers. Rates were set to produce a 13.2% return on equity. Access charges, long distance rates, local rates, inside wire charges and zone charges were reduced or eliminated. New routes were slated to receive extended area services (EAS). Hearings will be held in 1989 and 1990 to determine disposition of the earnings to be divided between ratepayers and stockholders.

AT&T Communications of the Southern States, Inc., requested that the Commission forbear from traditional rate base and rate of return regulation for a two-year trial period. Various interexchange carriers (IXCs) and the Office of the Public Counsel also participated in the hearing proceeding held April 25-27, 1988. Because the Commission found that the Florida intrastate interexchange market is evolving from a monopoly to a competitve structure, it granted AT&T's request for forebearance with some modifications. The commission required AT&T to file certain information to enable it to perform a periodic review of this two-year experiment. In addition, the Commission granted AT&T a waiver of its rules outlining the procedures for rate cases and relieved AT&T of the obligation to file depreciation reports. The Commission will continue to oversee AT&T's earnings by reviewing surveillance reports to be filed quarterly. Every aspect of the operation of the long distance market will be monitored closely during this two-year forebearance experiment.

The commission held four days of hearings in June considering the types of interconnection services offered and the rates charged by LECs to carriers who provide mobile telephone service. The Commission decided that various interconnection services should be offered on an unbundled basis to all mobile carriers under the same terms and conditions. Certain rates were prescribed for all LECs to charge; however, for usage rates, the Commission adopted a methodology to be followed by each company. The LECs were ordered to file tariffs employing an approved rate structure and containing specific rate levels calculated under this methodology. These tariffs will become effective no later than February 18, 1989. The commission also decided not to assert jurisdiction over mobile carriers at this time.

In response to growing consumer complaints over excessive operator charges incurred while using private pay or hotel telephones, the Commission conducted a hearing in August to deterine whether the provision of operator services by entities other than AT&T and the LECs was in the public interest. The Commission decided to allow alternative operator services (AOS) companies to continue to operate but

placed significant limitations upon their provision of service. Most notably, the Commission prohibited AOS companies from charging more than AT&T's comparable time-of-day rates on interLATA long distance calls. The Commission also imposed several disclosure and notice requirements upon the AOS companies in an effort to inform the public about these entities.

A September hearing had been scheduled to consider interconnection rates charged by the LECs to private pay telephone (PATS) companies and end-user rates charged by the PATS providers. However, prior to the hearing, the commission accepted a stipulation entered into by the participating LECs, AT&T and the Florida Pay Telephone Association. The stipulation addressed all issues, except the end-user rates charged by PATS providers. Accordingly, the commission received testimony on the rate issue and decided to continue the current rates until September, 1990. Prior to this date, the LECs and the PATS providers must compile cost data. Using this data, the Commission may set rates in a later proceeding that will be appropriate for sustaining the non-LEC PATS market.

In 1988, EAS continued to be implemented throughout the state. One plan that gained Commission approval allows customers to choose among several types of EAS options. The Optional Extended Area Service Plan neither requires a survey prior to implementation nor forces non-electing customers to pay the for the service. The plan was developed by Southern Bell and has been implemented by other-LECs. In 1989, the commission will re-evaluate its EAS rules to determine if they accurately reflect the EAS plans intended to be implemented

Water and Sewer Bureau

New Procedures

The Commission delegated to PSC staff the authority to administratively process requests for miscellaneous service charges from water and sewer utilities. The requests are in the form of tariff filings and an administratively issued order results.

Noteworthy Dockets

The Bureau closed two Circuit Court proceedings for enforcement of Commission penalties, The Florida Public Service Commission v. William H. McEnally d/b/a Woodlawn Utility Company and The Florida Public Service Commission v. Shady Oaks Mobile-Modular Estates, Inc. Both cases resulted in the collection of the penalties. In the show cause proceeding against Sebring Country Estates Water Company for various violations of Chapter 367, Florida Statutes, Docket No. 871308-WU, the Commission imposed a penalty of $103,000 against the utility for these violations. Presently, there is a settlement offer pending from the utility. The Commission also began an investigation into the investment in utility assets of Palm Coast Utility Corporation, an affilitate of ITT, in Docket No. 871395-WS. The investigation was substantially completed during 1988 and will be considered for final action in February, 1989.

Also during 1988, in Meadowbrook Utility Systems Inc. v. The Florida Public Service Commission, Case No. 71,966, in which the utility appealed the Commission's order that Meadowbrook refund revenues to its customers, the Supreme Court upheld the First District Court of Appeals's affirmation of the Commission's order and awarded the Commission $500 in attorney's fees. This is the first time the Commission has sought attorney's fees. Conclusion of this case results in refunds of approximately $1.5 million to Meadowbrook's customers.

In the case of Rolling Oaks Utilities, Inc. v. Florida Public Service Commission, Case No. 87-1070, the utility questioned the value which the Commission placed on a 12-acre sewer pond site and the Commission's decision to apply its policy of imputing contributions-in-aid-of-construction to the margin reserve. The First District Court of Appeal affirmed on both issues.

Electric and Gas Bureau

In 1988, the Electric and Gas Bureau of Legal Services was active in the area of electric rate regulation, tax savings refunds, fuel cost recovery, and cogeneration, among other things. Activity in the gas industry included rate regulation and the implementation of flexible rates for interruptible customers.

Florida Public Service Utilities Company, Marianna Division, filed a petition for a rate increase in late 1988. The utility requested an interim rate increase of $592,505. The Commission granted interim relief of $473,603, and will hold hearings to determine permanent relief in 1989.

Gulf Power Company also requested a rate increase, with hearings to be held in 1989. The utility did not qualify for an interim rate increase. Gulf's last rate case was held in 1984, and was concluded in 1985.

The Federal Tax Reform Act of 1986 reduced the federal corporate income tax rate, which in turn produced tax savings for utilities. Tampa Electric Company (TECO) agreed to refund $4.5 million to its customers, and, after hearings, Florida Power and Light Company (FPL) and Gulf Power Company (Gulf) refunded $53.3 million and $1.1 million in tax savings. Additionally, FPL, Gulf, and TECO all agreed to a lower than authorized return on equity for purposes of computing 1988 tax savings.

The twice-yearly fuel cost recovery proceedings in 1988 included an inquiry into the reasonableness of utility purchases of fuel and fuel handling services from affiliated businesses. After hearings with TECO and Florida Power Corporation (FPC), the Commission found that utilities should adopt a market based pricing methodology for such purchases. TECO adopted such a methodology after a series of workshops, and similar workshops are scheduled in 1989 for FPC.

In the cogeneration area, the Commission reviewed and approved numerous negotiated contracts for the purchase of electricity generated by qualifying facilities. The Commission also received testimony in the 1989 planning hearing dockets, and prepared for the March, 1989, hearing in those dockets. On an issue related to cogeneration, i.e., the price that cogenerators pay for electric service, the staff of the Commission participated in an appeal to FERC of the Commission's order in the standby rate docket.

The Commission also considered retention rate proposals for FPL, Gulf, and TECO and held hearings to implement the Commission's non-firm rule, Rule 25-6.0438. Finally, in the electric area, the Commission held hearings on Seminole Electric Cooperative's need determination application for a combined cycle power plant, with the final decision to be made in June, 1989.

In the natural gas industry, the Commission granted Gainesville Gas Company $68,672 of its requested $403,845 increase. West Florida Natural Gas Company (WFNG) requested a rate increase of $1.1 million. The utility was denied its requested interim increase of $727,008, but granted $584,212 in interim relief. The final hearing will be held in 1989 because the utility revised its initial filing, increasing its rate increase request to $1.8 million.

Several natural gas utilities participated in a staff workshop regarding the implementation of flexible pricing methodologies for interruptible customers. Such a pricing methodology would allow a utility to decrease its rate in order to retain interruptible customers who might otherwise switch to a less expensive fuel. WFNG's rate increase request included a provision for such a flexible rate, while Peoples Gas System, Inc. (PGS) and Central Florida Gas Company (CFGC) each requested approval of different flexible pricing methodologies. The Commission approved the PGS request, but denied the CFGC request because it was not intended to recover revenues lost by flexing rates to interruptible customers.

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Index To Charts/Tables

General

Organizational Chart	48
PSC Committee Members --- NARUC	49
PSC Commissioners -- 1887-1988	51

Administrative

Regulatory Trust Fund Appropriations and Revenues	52
Administration -- Fiscal, General Support and Personnel	53

Case Load

Case Activity Statistics -- 1988	54

PSC Complaint Activity

Electric Industry	55
Gas Industry	56
Telephone Industry	58
Pay Phone Companies	60
Long Distance Industry	62
Alternative Operator Services	64
Water and Sewer Industry	65

Telephone Utilities

Operating Statistics -- Regulated LEC's	68
Telephone Utilities -- Summary	69

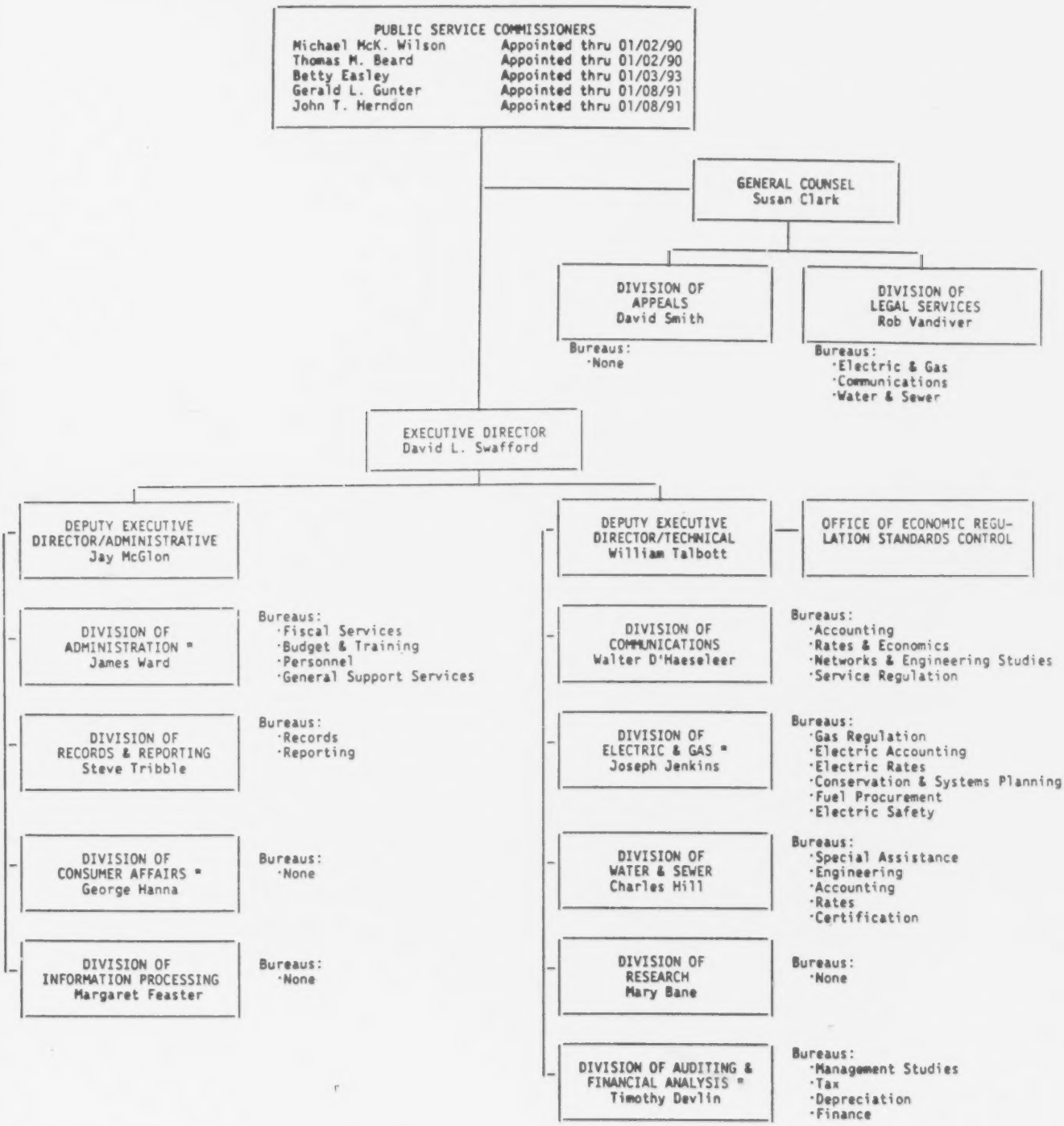
Electric Utilities

Operating Statistics -- Regulated Electrics	71
Utility Purchased Fuel Costs	72
Residential Fuel Rate Changes	73
Residential Service -- Investor-Owned	74
Residential Service -- Municipals	75
Residential Service -- Cooperatives	76
Commercial/Industrial -- Investor-Owned	77
Commercial/Industrial -- Municipals	78
Commercial/Industrial -- Cooperatives	79
Miscellaneous Charges -- Investor-Owned	80
Growth and Use Statistics -- Investor-Owned	81
Growth and Use Statistics -- Municipals and Cooperatives	82
National Electric Safety Code Variances -- 1988	83

Gas Utilities

Operating Statistics -- Gas	85
Residential Service	86
Commercial Service	87
Industrial Service	88
Miscellaneous Charges	89
Growth and Use Statistics	90

Florida Public Service Commission Organizational Chart



*Supervises personnel in district offices:

I	Tallahassee
II	Orlando
III	Miami
IV	Tampa

1988
NARUC Committees

Florida Representatives

ADMINISTRATION	Betty Easley
COMMUNICATIONS	Thomas M. Beard
TASK FORCE ON FEDERAL-STATE JOINT CONFERENCES	Thomas M. Beard
ELECTRICITY	Michael Wilson
FINANCE AND TECHNOLOGY	Gerald L. Gunter
EXECUTIVE COMMITTEE	Gerald L. Gunter
NUCLEAR ISSUES	Michael Wilson
NUCLEAR WASTE DISPOSAL	Michael Wilson
WATER	John T. Herndon

Staff Subcommittees

EXECUTIVE DIRECTORS	David L. Swafford
ACCOUNTS	Timothy J. Devlin
COMMUNICATIONS	Walter D'Haeseleer Jack Shreve, NASUCA, Observer
COMPUTER	Margaret Perry
CONSUMER AFFAIRS	George B. Hanna
COST ALLOCATIONS	Bill Feaster, NASUCA, Observer Rick Wright
ECONOMICS AND FINANCE	Mary Bane Deborah Flannagan
EDUCATION	Jay McGlon

1988 NARUC Committees (Con't.)

ELECTRICITY	Joseph D. Jenkins Stephen C. Burgess, NASUCA, Observer
ENERGY CONSERVATION	James W. Dean
ENGINEERING	Walter D'Haeseleer
FEDERAL-STATE JOINT BOARD	Timothy J. Devlin
FINANCE AND TECHNOLOGY	Bob Trapp
GAS	Joseph W. McCormick
LAW	Susan Clark
MANAGEMENT ANALYSIS	Mark Laux
NUCLEAR WASTE DISPOSAL	Jennifer Harvey
PIPELINE SAFTEY	C. Edward Mills
PUBLIC INFORMATION	Beverlee DeMello
TASK FORCE ON HIGH SCHOOL PROGRAM	George B. Hanna
TELEPHONE SERVICE QUALITY	Alan Taylor
WATER	Charles H. Hill
COST-OF-SERVICE TASK FORCE	Joseph D. Jenkins Margaret Meeter

Public Service Commissioners (1887 - 1988)

Commissioners	Years Served	Replaced By
George G. McWhorter	08-17-87 to 06-13-91	
E. J. Vann	08-17-87 to 06-13-91	
William Himes	08-17-87 to 06-13-91	
The Commission was abolished by Legislature 1891, recreated 1897		
R. H. M. Davidson	07-01-97 to 01-03-99	John L. Morgan
John M. Bryan	07-01-97 to 01-06-03	Jefferson B. Brown
Henry E. Day	07-01-97 to 10-01-02	R. Hudson Burr
John L. Morgan	01-03-99 to 01-08-07	Royal C. Dunn
R. Hudson Burr	10-01-02 to 01-04-27	R. L. Eaton
Jefferson B. Brown	01-06-03 to 01-08-07	Newton A. Blitch
Newton A. Blitch	01-08-07 to 10-30-21	A. D. Campbell
Royal C. Dunn	01-04-09 to 01-04-21	A. S. Wells
A. S. Wells	01-04-21 to 12-16-30	L. D. Reagin
A. D. Campbell	11-12-22 to 02-10-24	E. S. Mathews
E. S. Mathews	02-25-24 to 01-16-46	Wilbur C. King
R. L. Eaton	01-04-27 to 02-27-27	Mrs. R. L. Eaton-Greene
Mrs. R. L. Eaton-Greene	02-27-27 to 01-08-35	Jerry W. Carter
L. D. Reagin	12-16-30 to 07-06-31	Tucker Savage
Tucker Savage	07-06-31 to 01-03-33	W. B. Douglass
W. B. Douglass	01-03-33 to 08-04-47	Richard A. Mack
Jerry W. Carter	01-08-35 to 01-05-71	William H. Bevis
Wilbur C. King	01-08-47 to 07-18-64	William T. Mayo
Richard A. Mack	09-15-47 to 01-05-55	Alan S. Boyd
Alan S. Boyd	01-05-55 to 11-01-59	Edwin L. Mason
Edwin L. Mason	12-01-59 to 01-06-69	Jess Yarborough
William T. Mayo	09-01-64 to 12-31-80	Katie Nichols
Jess Yarborough	01-06-69 to 01-02-73	Paula F. Hawkins
William H. Bevis	01-05-71 to 03-21-78	Robert T. Mann
Paula F. Hawkins	01-02-73 to 03-21-79	John R. Marks, III
Robert T. Mann	03-22-78 to 01-03-81	Susan Leisner
The Commission became appointive January 1, 1979		
Joseph P. Cresse	01-02-79 to 12-31-85	John T. Herndon
Gerald L. Gunter	01-02-79 to 01-08-91	
John R. Marks, III	03-22-79 to 03-02-87	Thomas M. Beard
Katie Nichols	01-02-81 to 01-03-89	Betty Easley
Susan Leisner	02-16-81 to 04-02-85	Michael Wilson
Michael Wilson	07-12-85 to 01-02-90	
John T. Herndon	01-07-86 to 01-08-91	
Thomas M. Beard	03-03-87 to 01-02-90	
Betty Easley	01-03-89 to 01-01-93	

Regulatory Trust Fund

Appropriations 1979-89

FISCAL YEAR	APPROPRIATION	
	POSITIONS	AMOUNT
1979-80	434	$ 9,699,416
1980-81	361	10,249,676*
1981-82	322	12,124,437**
1982-83	332	11,287,379
1983-84	336	13,700,825
1984-85	346	13,788,347
1985-86	346	14,697,776
1986-87	358	15,327,827
1987-88	364	16,355,837
1988-89	367	17,531,244

Note: Amounts reflect the Commission's actual appropriation, except for the two years explained by footnotes.

*Reflects transfers of transportation positions and budget to the Department of Transportation.

**Reflects reduction of positions and budget resulting from Sunset review by the Legislature.

Regulatory Trust Fund Revenues

Fiscal Year Ended June 30, 1988

Utility Filing Fees	$ 118,500
Utility Regulatory Tax	14,176,661
Miscellaneous Revenue	133,060*
Refunds and Cancellations	7,713
Interest Income	704,540
TOTAL	$15,140,474

*Includes Recording Fees

Division of Administration

Bureau of Fiscal Services

The following workload statistics indicate activity in the major functions of the Bureau:

	1985	1986	1987	1988
Number of Invoices Processed	3,111	3,208	2,413	2,154
Travel Vouchers	3,323	3,041	2,427	2,160
Professional & Technical Service Consultant Contracts	14	4	5	4
Payroll Change Orders Processed	2,074	1,402	1,648	1,861

Bureau of General Support Services

Listed below is a summary of the Bureau's workload during 1987 and 1988.

	1987	1988
Invoices Verified	246	479
Purchase Orders Issued	1,756	1,722
Special Orders Processed	1,757	1,827
Supply Orders Processed	739	714
Photocopy Requisitions Processed	3,222	3,814
Copies Produced (Print Shop)	3,081,581	3,895,170
Pieces of Outgoing Regular Mail Processed	166,926	175,158
Pieces of Special Service Mail Processed	1,077	1,080
Postage Used (Meter)	$58,253	$67,733
Supply Requisitions Filled	685	730
Messenger Runs	819	917

Bureau of Personnel

Listed below is a summary of personnel action during 1987 and 1988:

	1987	1988
New Employees	53	46
Terminations	45	39
Retirements	5	2
Promotions	74	63
Pay Adjustments, Merit Increases, and Discretionary Increases	832	515
Reassignments	37	12
Others*	569	542
TOTAL	1,615	1,219
Classification Actions	110	73
Up-to-Date Position Descriptions	76	33
TOTAL	186	106

***Includes demotions, status changes, leave with/without pay, etc.**

Case Activity Statistics -- January 1988 - December 1988

END OF --- >	Jan. 1988	Feb. 1988	Mar. 1988	Apr. 1988	May 1988	June 1988	July 1988	Aug. 1988	Sep. 1988	Oct. 1988	Nov. 1988	Dec. 1988
All Cases Beg. Pd.	585	621	667	679	600	578	595	611	597	554	629	653
New Cases	154	202	164	113	117	158	122	127	113	154	127	61
Restored Cases	3	1	0	1	1	0	4	0	0	1	2	1
Closed Cases (subtract)	121	157	152	193	140	141	110	141	156	80	105	142
All Cases End Pd.	621	667	679	600	578	595	611	597	554	629	653	573
Active	548	598	612	536	521	538	548	542	498	569	591	511
Monitor	63	59	56	53	46	47	53	44	45	48	51	53
Litigation	10	10	11	11	11	10	10	11	11	12	11	9
Total All	621	667	679	600	578	595	611	597	554	629	653	573
Ages of Cases												
< 6 months	408	452	474	408	388	404	394	365	330	406	409	337
6 months - 1 year	102	102	92	81	78	79	89	109	107	99	115	101
1 year - 2 years	71	73	68	71	73	72	86	79	76	83	89	98
2 years - 3 years	25	24	29	28	27	29	28	31	28	27	25	23
3 years - 4 years	6	7	7	4	6	6	9	9	9	10	11	10
4 years - 5 years	5	4	3	3	2	1	1	1	1	1	1	1
5 years - 6 years	3	4	5	4	3	3	3	2	2	2	0	0
6 years - 7 years	0	0	0	0	0	0	0	0	0	0	2	2
7 years - 8 years	0	0	0	0	0	0	0	0	0	0	0	0
> 8 years	1	1	1	1	1	1	1	1	1	1	1	1
	621	667	679	600	578	595	611	597	554	629	653	573
Cases > 2 Years Old												
Active	15	16	18	18	19	19	21	26	24	23	22	21
Monitor	21	20	21	16	14	15	14	11	10	11	12	11
Litigation	4	4	6	6	6	6	7	7	7	7	6	5
Total	40	40	45	40	39	40	42	44	41	41	40	37

On 7/23/83 a goal was established to reduce the number of Active cases over 2 years old to 7.5% of Total Active cases.
For December 1988 this ratio is 21 511 = 4.1%.

Complaint Activity - Electric

Comparison of Logged Complaints
1988

	Complaints Logged In 1988			Complaints Closed in 1988			
				Justification			Percent
	Service	Billing	Major Type	Yes	No	Some	Justified
Florida Power	146	119	High Bill	56	135	74	21%
FPL	422	531	High Bill	314	475	179	32%
FPUC	5	0	Misc. Service	1	3	1	20%
Gulf Power	26	31	High Bill & Deposit	8	40	14	13%
Tampa Electric	65	137	High Bill	44	118	38	22%
Industry Total	**644**	**818**	**High Bill**	**423**	**771**	**306**	**28%**

	Year-To-Date			
	1988 Total Received	Percent Change From '87	Complaints Per 1000 Customers	Justified Per 1000 Customers
Florida Power	265	-5%	0.282	0.060
FPL	953	-25%	0.370	0.123
FPUC	5	67%	0.310	0.124
Gulf Power	57	-15%	0.236	0.033
Tampa Electric	202	-22%	0.531	0.116
Industry Total	**1482**	**-21%**	**0.357**	**0.103**

GAS UTILITY COMPLAINTS
1988

	Complaints Logged In 1988				Complaints Closed In 1988			
					Justification			Percent
	Service	Billing	Total	Major Type	Yes	No	Some	Justified
Central Florida	0	4	4	-	3	1	0	75%
City Gas	19	31	50	Miscellaneous	23	13	13	47%
FPUC	9	4	13	Delay Reconnect	5	5	3	38%
Gainesville	2	1	3	-	0	3	0	0
Miller	1	2	3	Misc. Billing	1	1	0	50%
Peoples	22	24	46	Delay Connect	8	25	13	17%
Plant City	0	0	0	-	0	0	0	0
Southern	0	4	4	-	3	1	0	67%
South Florida	1	0	1	-	0	2	0	0
West Florida	6	9	15	-	4	7	4	27%
Industry Total	**60**	**79**	**139**	**Delay Connect**	**47**	**58**	**33**	**34%**

GAS UTILITY COMPLAINTS
1988

	Total Received	Percent Change From '87	Complaints Per 1000 Customers	Justified Per 1000 Customers
Central Florida	4	33%	0.743	0.557
City Gas	50	-26%	0.688	0.316
FPUC	13	44%	0.410	0.126
Gainesville	3	-25%	0.184	0.000
Miller	3	200%	0.652	0.217
Peoples	46	-81%	0.308	0.054
Plant City	0	-100%	0.000	0.000
Southern	4	-67%	1.102	0.827
South Florida	1	-50%	0.312	0.000
West Florida	15	0%	0.757	0.202
Industry Total	**139**	**-61%**	**0.444**	**0.147**

TELEPHONE INDUSTRY COMPLAINTS
1988

	Complaints Logged in 1988				Complaints Closed in 1988			
					Justification			Percent
	Service	Billing	Total	Major Type	Yes	No	Some	Justified
Alltel	45	13	58	Service Problems	26	16	17	44%
Centel	123	49	172	Delay Connect	82	44	44	48%
Florala	5	0	5	Party Line	2	0	2	50%
GTE	399	137	536	Service Problems	211	196	133	39%
Indiantown	2	0	2	Service Problems	0	2	0	0%
Long Distance	170	836	1006	Alt. Operator Service	624	194	175	63%
N. E. Florida	6	3	9	Delay Connect	2	7	1	20%
Pay Telephone	93	41	134	Service Standards	70	25	24	59%
Quincy	2	3	5	Service Problems	0	3	1	0%
St. Joseph	10	4	14	Service Problems	5	7	3	33%
Southern Bell	1318	451	1769	Delay Connect	688	577	477	40%
Southland	1	0	1	Service Problems	1	0	0	100%
United	158	88	246	Delay Connect	59	93	79	26%
Vista-United	0	2	2	Miscellaneous Billing	0	1	0	0%
Industry Total	**2332**	**1627**	**3959**	**Delay Connect**	**1770**	**1165**	**956**	**45%**

Complaint Activity - Telephone (Con't)

	1988			
	Total Received	Percent Change From '87	Complaints Per 1000 Customers	Justified Per 1000 Customers
Alltel	58	-23%	1.281	0.618
Centel	172	-29%	0.773	0.373
Florala	5	-38%	3.183	1.273
GTE	536	-26%	0.353	0.141
Indiantown	2	100%	1.066	0.000
Long Distance	1006	24%	-	-
N. E. Florida	9	29%	1.872	0.416
Pay Telephone	134	116%	-	-
Quincy	5	67%	0.627	0.000
St. Joseph	14	-46%	0.724	0.259
Southern Bell	1769	11%	0.462	0.180
Southland	1	-50%	0.364	0.364
United	246	-4%	0.285	0.069
Vista-United	2		0.637	0.000
Industry Total	**3959**	**4%**	**0.432**	**0.166**

1988 COMPLAINT ACTIVITY
PAY PHONE COMPANIES

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
Adrienne Carner	1	0	1	Service Standards	0	1	0	0%	0%
ADTEC Communications	1	0	1	Remove Equipment	1	0	0	100%	100%
Advance Pay Phone	1	1	2	Miscellaneous	2	0	0	100%	100%
American Coin Telephone	1	0	1	Service Standards	0	1	0	0%	0%
American Pay-Tel	1	0	1	Service Standards	0	1	0	0%	100%
American Tele-Coin	1	0	1	Service Standards	0	1	0	0%	100%
American Telephone & Equip.	1	0	1	Directory Assistance	2	0	0	100%	100%
Avtel	2	0	2	Miscellaneous Service	0	1	0	0%	100%
Boca Pay Tel	2	0	2	Service Standards	2	0	0	100%	50%
Carpenter Telephone Equipment	1	0	1	Service Standards	1	0	0	100%	100%
Cashfone	1	0	1	Service Standards	1	0	0	100%	100%
Centratel Service	0	1	1	Local Billing	1	0	0	100%	0%
Coinphone Services	4	0	4	Miscellaneous Service	4	0	0	100%	100%
Commonwealth Telephone	3	0	3	Miscellaneous Service	2	0	0	100%	50%
Communications Central	1	0	1	Service Standards	0	0	1	0%	0%
Continental Pay-Tel	2	1	3	Miscellaneous Service	0	2	2	0%	67%
Dammam International	0	1	1	Local Call Billing	1	0	0	100%	0%
Dixie Telephone Service	0	1	1	Delay Refund	0	1	0	0%	0%
Elcotel	3	1	4	Service Standards	2	0	2	50%	75%
Elias Enterprises	1	0	1	Miscellaneous Service	1	0	0	100%	100%
First American Pay	2	1	3	Miscellaneous Service	0	0	0	-	-
First Continental	1	0	1	Service Problems	1	0	0	100%	0%
Florida Public Telephone	0	1	1	Call Timing	0	1	0	0%	0%
Florida Tel & Tel	8	0	8	Service Standards	3	2	2	43%	57%
Gulf Bay Corp.	2	0	2	Service Standards	0	0	0	-	-
ITC Corp.	1	0	1	Miscellaneous Service	1	0	0	100%	100%
ITM Corp.	5	4	9	Equal Access	3	2	4	33%	44%

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
Mitchell Enterprises	0	1	1	Delay Refund	1	0	0	100%	0%
National Telephone Service	0	1	1	Local Call Billing	1	0	0	100%	0%
Pay Phone Services	1	0	1	Service Standards	1	0	0	100%	100%
Paytel	0	1	1	Delay Refund	0	0	0	-	-
Payphone System Services	0	2	2	Delay Refund	1	0	0	100%	0%
People Telephone Company	12	15	27	Improper Rates	17	3	4	71%	17%
Phontel Systems	1	0	1	Equal Access	0	0	0	-	-
Posi-Lease Financial	1	0	1	Service Problems	1	0	0	100%	0%
Public Pay Phone	1	0	1	Equal Access	0	1	0	0%	0%
Public Telephone Company	3	0	3	Miscellaneous Service	2	1	0	67%	100%
Sound Advice	4	0	4	Remove Equipment	3	0	2	60%	50%
South Florida Advanced	0	1	1	Delay Refund	0	1	0	0%	100%
Sunshine Payphones	7	0	7	Service Standards	2	3	1	33%	50%
Tel-Star Telephone	2	0	2	Miscellaneous Service	1	0	0	100%	100%
Telaleasing Enterprises	1	1	2	Miscellaneous	1	0	1	50%	0%
Telephone Operating Systems	1	0	1	Service Standards	1	0	0	100%	0%
Telso	7	6	13	Service Standards	9	2	2	69%	36%
Trident	4	0	4	Delay Repair	0	1	3	0%	50%
Universal Tel-Com	2	0	2	Service Standards	0	0	0	-	-
Westcoast Pay Telephone	0	1	1	Local Billing	1	0	0	100%	0%
	93	41	134	Service Standards	70	25	24	59%	
					59%	21%	20%		

1988 COMPLAINT ACTIVITY
LONG DISTANCE INDUSTRY

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
ACT Long Distance	2	0	2	Miscellaneous Service	1	0	0	100%	0%
ALLNET Communications	1	0	1	Improper Disconnect	0	0	0	-	-
ALLTELCO	0	1	1	Toll Billing	0	1	0	0%	0%
Americall LDC	1	3	4	Miscellaneous Billing	1	1	1	33%	33%
American Network	0	1	1	Improper Rates	0	1	0	0%	0%
American Pioneer	0	1	1	Denied Calls	1	0	0	100%	100%
AT&T	40	155	195	Denied Calls	87	62	44	45%	4%
BIZ-TEL	1	3	4	Toll Billing	2	1	1	50%	0%
Central Corp.	1	135	136	Alt. Operator Services	122	3	11	90%	33%
Elcotel	0	13	13	Alt. Operator Services	11	1	1	85%	15%
International Telecharge	8	106	114	Alt. Operator Services	86	7	12	82%	33%
L.D.C. Telecommunications	0	1	1	CTC Refund	0	0	1	0%	0%
Long Distance America	1	17	18	Toll Billing	10	5	4	53%	6%
MCI	20	22	42	Wrong Carrier	25	10	9	57%	79%
Metromedia	0	4	4	Miscellaneous Billing	3	0	1	75%	67%
Microtel	2	4	6	Denied Calls	5	3	2	50%	33%
National Telephone Service	1	77	78	Alt. Operator Services	62	3	5	89%	71%
North American Telephone	0	6	6	Billing Wrong Customer	5	0	1	83%	50%
Southernet Services	0	1	1	Improper Rates	0	1	0	0%	100%
Southland Systems	0	1	1	Delay Refund	0	0	1	0%	100%
Southtel	2	3	5	Miscellaneous	3	1	1	60%	100%
Telecommunications Services	1	0	1	Marketing	0	1	0	0%	0%
Telesystems	0	1	1	Delay Refund	0	1	0	0%	100%
Telus/Teltec	23	65	88	Miscellaneous Billing	43	17	23	52%	5%
TMC Of Jacksonville	1	1	2	Miscellaneous	1	1	0	50%	50%
TMC Of Miami	1	4	5	Miscellaneous Billing	4	0	1	80%	80%

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
TMC Of Orlando	0	1	1	Call Timing	0	1	0	0%	0%
TMC of Southwest Florida	1	1	2	Miscellaneous	1	0	0	100%	100%
TMC of Tampa	0	2	2	Miscellaneous Billing	1	1	0	50%	50%
Transcall America	0	2	2	Miscellaneous Billing	0	2	0	0%	100%
US Sprint	58	203	261	Toll Billing	147	68	55	54%	36%
US Transmission	4	1	5	Miscellansous Service	2	1	1	50%	50%
United Telephone Long Distance	1	1	2	Miscellaneous	1	1	0	50%	100%
	170	836	1006	Alt. Operator Services	624	194	175	63%	

ALTERNATIVE OPERATOR SERVICES
LOGGED COMPLAINTS RECEIVED

COMPANY	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
Central Communication Corp.	5	18	28	19	9	6	9	25	9	5	1	2	136
Elcotel	0	0	2	1	3	1	2	1	0	1	2	0	13
International Telecharge	8	9	13	8	6	5	7	5	15	12	6	20	114
National Telephone Service	0	0	1	15	9	9	10	9	10	7	3	5	78
Total	**13**	**27**	**44**	**43**	**27**	**21**	**28**	**40**	**34**	**25**	**12**	**27**	**341**

Note: Elcotel was not certified until March 15, and National Telephone Service was not certified until March 30. Therefore, complaints were not logged against these companies in January and February.

UNLOGGED PROTESTS AND ALTERNATIVE OPERATOR SERVICES
INQUIRIES RECEIVED 1988

COMPANY	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
Central Communication Corp.			9	4	2	4	4	16	6	0	1	0	46
Elcotel			1	3	0	2	0	0	1	1	0	0	8
International Telecharge			1	5	5	1	6	8	10	12	2	6	56
National Telephone Service			16	0	0	0	1	4	6	5	1	3	36
Southnet			0	0	1	0	0	0	0	0	0	0	1
Telesphere International			0	0	1	0	0	0	0	0	0	0	1
U. S. Fiberline			0	0	1	0	0	1	0	0	0	0	2
Operator Assistance Network			0	0	0	0	1	1	0	2	0	0	4
Unspecified	20	33	10	1	2	7	4	8	12	4	3	3	107
Hotel/Motel Surcharges			5	2	2	3	3	3	0	0	0	0	18
Total	**20**	**33**	**42**	**15**	**14**	**17**	**19**	**14**	**35**	**24**	**7**	**12**	**279**

*Inquiries were not tracked by company prior to March 9.

1988 COMPLAINT ACTIVITY
WATER & SEWER INDUSTRY

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
Aloha Utilities	6	4	10	Water Quality	2	3	2	29%	50%
Atlantic Utilities	0	3	3	High Bill	1	1	0	50%	0%
Bartelt Enterprises	1	1	2	Miscellaneous	1	0	0	100%	0%
Bayside Utilities	0	1	1	Reconnect Charge	1	0	0	100%	0%
Beauclerc Utilities	1	0	1	Employee Rude	0	0	1	0%	0%
Betmar Utilities	3	0	3	Miscellaneous Service	1	1	1	33%	33%
Broadview Park	2	4	6	High Bill	1	5	0	17%	0%
Buttonwood Bay	1	0	1	Frequent Outages	0	1	0	0%	100%
Canal Utilities	0	1	1	Not Receiving Bills	1	0	0	100%	0%
Central V Utilities	1	1	2	Miscellaneous	0	1	1	0%	0%
Century Utilities	0	13	13	High Bill	4	9	2	27%	92%
Cinnamon Ridge	4	0	4	Service Outage	3	1	0	75%	0%
Citrus Springs	0	2	2	Miscellaneous Billing	0	1	0	0%	100%
Clay Utility	0	1	1	Backbilling	0	0	0	0%	-
Colonies Water	0	1	1	High Bill	1	0	0	100%	0%
Consolidated Water	2	0	2	Frequent Outages	0	0	2	0%	0%
Debary Associates	2	0	2	Miscellaneous Service	2	0	0	100%	100%
Decca Utilities	0	1	1	Miscellaneous Billing	1	0	0	100%	100%
Deltona Utilities	2	3	5	Miscellaneous Billing	1	2	0	33%	0%
Econ Utility	1	0	1	Water Quality	0	1	0	0%	100%
Ferncrest Utilities	2	3	5	High Bill	3	2	1	50%	20%
Floralino Properties	0	1	1	Miscellaneous Billing	0	0	0	0%	-
Florida Cities	6	5	11	High Bill	2	5	3	20%	20%
Florida Public Utilities	2	0	2	Water Quality	1	0	1	50%	50%
Florida Water Service	1	1	2	Miscellaneous	1	0	1	50%	50%
Gator Town	0	1	1	High Bill	0	1	0	0%	0%
General Development	1	9	10	Not Recieving Bills	3	4	3	30%	11%
Gulf Utility	1	3	4	Miscellaneous Billing	0	3	1	0%	0%

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
Harbor Oaks	0	1	1	High Bill	0	1	0	0%	0%
Harbour Utilities	1	0	1	Miscellaneous Service	1	0	0	100%	0%
Holiday Utility	1	0	1	Improper Disconnect	0	1	1	0%	100%
Hydratech	3	4	7	Miscellaneous Billing	3	2	0	60%	0%
Inglewood Water	1	0	1	Water Quality	0	0	1	0%	0%
Jacksonville Suburban	8	3	11	Improper Disconnect	4	5	2	36%	27%
Jasmine Lakes	1	0	1	Water Quality	0	0	1	0%	0%
K. W. Resort	0	1	1	Payment Not Credited	0	1	0	0%	0%
Key Haven	1	0	1	Sewage Service	0	1	0	0%	0%
Kingsley Service	1	0	1	Water Pressure	1	0	0	100%	0%
Lanier Utility	1	0	1	Miscellaneous Service	1	0	0	100%	100%
Lehigh Utilities	0	1	1	High Bill	0	1	0	0%	0%
Leisure Lake	0	1	1	High Bill	1	0	0	100%	0%
Lighthouse Utilities	0	1	1	High Bill	0	1	0	0%	0%
Lindrick Service	2	0	2	Miscellaneous Service	0	0	1	0%	100%
Loch Harbour	1	0	1	Sevice Outage	0	0	1	0%	0%
Longwood Utilities	1	0	1	Sewage Service	1	0	0	100%	100%
Mad Hatter	2	2	4	Miscellaneous	2	2	0	50%	25%
Magonia Park	0	1	1	High Bill	0	1	1	0%	0%
Marco Island	1	1	2	Miscellaneous	0	0	2	0%	0%
Marion Oaks	0	1	1	High Bill	2	1	0	67%	0%
Marion Utilities	1	0	1	Water Pressure	1	0	0	100%	100%
Martin Downs	0	2	2	Miscellaneous Billing	1	0	0	100%	0%
Meadowbrook	3	7	10	High Bill	2	6	2	20%	33%
Mid-Clay Service	0	1	1	Meter Problem	0	0	0	0%	-
Naples Industrial	1	0	1	Service Refused	0	0	1	0%	100%
North Naples Utilities	0	1	1	Improper Rates	1	0	0	100%	0%
Orange Osceola	1	7	8	High Bill	2	5	1	25%	0%
Palm Coast	1	6	7	High Bill	1	5	1	14%	29%
Palm Valley	7	0	7	Water Pressure	4	1	0	80%	20%
Pasco Utilities	0	2	2	High Bill	0	1	0	0%	0%

	Service	Billing	Total	Major Type	Justification for Cases Closed: Yes	No	Some	% Justified	% Late Responses
Pioneer Woodlawn	0	1	1	High Bill	0	1	0	0%	100%
Poinciana Utilities	3	0	3	Miscellaneous Service	0	3	0	0%	33%
Rolling Oaks	3	2	5	Miscellaneous Service	0	5	2	0%	20%
Sanlando Utilities	2	1	3	Miscellaneous Service	0	2	0	0%	0%
Seacoast Utilities	0	2	2	Miscellaneous Billing	0	2	0	0%	50%
Sebring Country Estates	0	2	2	High Bill	1	0	0	100%	0%
Seminole Utility	1	1	2	Miscellanous	0	1	1	0%	0%
South Brevard	1	0	1	Business Office	0	1	0	0%	0%
South Waterfront Park	0	1	1	Agreement Broken	0	1	0	0%	0%
Southern States	21	24	45	High Bill	16	13	15	36%	22%
Spring Hill	3	6	9	High Bill	2	8	0	20%	0%
St. Augustine Shores	2	0	2	Water Quality	0	0	2	0%	50%
St. George Island	10	0	10	Frequent Outages	2	0	7	22%	78%
Sunshine Utilities	4	0	4	Miscellaneous Service	2	0	1	67%	0%
Tradewinds Utilities	1	0	1	Water Pressure	0	0	2	0%	0%
Utilities Inc. of Florida	2	1	3	Miscellaneous Service	2	1	0	67%	0%
Venture Associates	2	0	2	Miscellaneous Service	0	0	0	-	-
Windstream Utilities	1	0	1	Delay Reconnect	0	0	1	0%	100%
	134	143	277	High Bill	83	114	65		
	48%	52%			32%	43%	25%		

Local Exchange Companies

REGULATED STATISTICS AS OF SEPTEMBER 1988

	GROSS PLANT IN SERVICE $	OPERATING REVENUES $	OPERATING REVENUE DEDUCTIONS $	NET OPERATING INCOME $
ALLTEL	127,065,415	38,504,387	29,635,988	8,868,399
CENTEL	407,240,000	138,878,000	109,866,000	29,012,000
GENERAL	3,090,858,000	1,132,384,000	906,667,000	225,717,000
SOUTHERN BELL	7,681,380,000	2,892,230,000	2,337,593,000	554,637,000
UNITED	1,696,370,598	600,057,171	484,986,291	115,070,880
ALL OTHER LECs	119,990,153	47,831,821	38,601,394	9,230,428
TOTAL	13,122,904,166	4,849,885,379	3,907,349,673	942,535,707

SUMMARY

COMPANY HEADQUARTERS	NUMBER OF FLORIDA EXCHANGES	FLORIDA ACCESS LINES	PERCENT OF STATE TOTAL	ACCESS LINE PERCENT GROWTH FROM PREVIOUS YEAR
1. ALLTEL FLORIDA, INC. LIVE OAK, FLORIDA	27	47,562	.69	5.0
2. CENTRAL TELEPHONE COMPANY OF FLORIDA TALLAHASSEE, FLORIDA	35	242,642	3.53	9.0
3. CONTEL THOMASTON, GEORGIA	1	61	.001	0.0
4. FLORALA TELEPHONE COMPANY FLORALA, ALABAMA	2	1,600	.02	2.0
5. GTE FLORIDA, INC. TAMPA, FLORIDA	29	1,566,076	22.80	3.0
6. GULF TELEPHONE COMPANY PERRY, FLORIDA	2	7,040	.10	5.0
7. INDIANTOWN TELEPHONE SYSTEM, INC. INDIANTOWN, FLORIDA	1	2,055	.03	9.0
8. NORTHEAST FLORIDA TELEPHONE COMPANY MACCLENNY, FLORIDA	2	5,063	.07	5.0
9. QUINCY TELEPHONE COMPANY QUINCY, FLORIDA	3	8,376	.12	5.0
10. ST. JOSEPH TELEPHONE & TELEGRAPH COMPANY PORT ST. JOE, FLORIDA	13	20,166	.30	4.0

SUMMARY

COMPANY HEADQUARTERS	NUMBER OF FLORIDA EXCHANGES	FLORIDA ACCESS LINES	PERCENT OF STATE TOTAL	ACCESS LINE PERCENT GROWTH FROM PREVIOUS YEAR
11. SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY MIAMI, FLORIDA	103	4,028,863	58.64	5.0
12. SOUTHLAND TELEPHONE COMPANY ATMORE, ALABAMA	3	2,865	.04	4.0
13. UNITED TELEPHONE COMPANY OF FLORIDA ALTAMONTE SPRINGS, FLORIDA	68	933,401	13.59	6.0
14. VISTA-UNITED TELECOMMUNICATIONS LAKE BUENA VISTA, FLORIDA	1	4,195	.06	34.0
TOTAL	285	6,869,965	B	5.2

B DOES NOT EQUAL 100 PERCENT DUE TO ROUNDING

REGULATED INVESTOR OWNED ELECTRIC UTILITIES

1988 OPERATING STATISTICS *

	GROSS PLANT IN SERVICE	OPERATING REVENUES	OPERATING EXPENSES	NET OPERATING INCOME	END OF PERIOD NUMBER OF CUSTOMERS
ELECTRIC (TOTAL SYSTEM):					
FLORIDA POWER CORPORATION	$3,960,750,159	$1,468,510,593	$1,202,335,510	$266,175,083	1,088,544
FLORIDA POWER & LIGHT COMPANY	10,320,474,778	4,624,868,803	3,928,395,775	696,473,028	3,018,489
FLORIDA PUBLIC UTILITIES COMPANY	28,671,490	26,383,926	25,079,806	1,304,120	19,502
GULF POWER COMPANY	1,356,339,039	502,497,494	413,469,606	89,027,888	279,741
TAMPA ELECTRIC COMPANY	2,145,628,172	937,171,963	784,287,629	152,884,334	443,186
TOTAL ELECTRIC	$17,811,863,638	$7,559,432,779	$6,353,568,326	$1,205,864,453	4,849,462

* UNAUDITED PRELIMINARY DATA

Florida Investor-Owned Electric Utility Purchased Fuel Cost

FLORIDA INVESTOR OWNED ELECTRIC UTILITY PURCHASED FUEL COST
EXPRESSED IN DOLLARS PER UNIT AND CENTS PER KWH

	HEAVY OIL		LIGHT OIL		COAL		NATURAL GAS	
YEAR	$/BBL	c/KWH	$/BBL	c/KWH	$/TON	c/KWH	$/MCF	c/KWH
1974	11.10	1.79	12.27	3.60	16.70	0.73	0.60	0.66
1975	11.58	1.87	12.76	3.74	23.39	1.02	0.74	0.81
1976	11.34	1.83	13.63	4.00	25.52	1.12	0.85	0.94
1977	13.27	2.14	15.00	4.40	29.38	1.29	0.88	0.97
1978	12.30	1.98	15.49	4.54	34.63	1.52	1.04	1.14
1979	18.23	2.94	29.40	8.62	38.43	1.68	1.20	1.32
1980	23.26	3.77	33.23	9.74	42.61	1.86	1.31	1.44
1981	28.32	4.57	46.67	13.68	53.23	2.33	2.15	2.37
1982	27.73	4.47	51.27	15.03	56.69	2.48	2.21	2.43
1983	27.52	4.44	35.34	10.36	57.84	2.53	2.91	3.20
1984	29.39	4.74	34.57	10.13	57.02	2.49	3.43	3.77
1985	24.94	4.02	32.62	9.56	57.01	2.49	3.28	3.61
1986	13.51	2.18	19.55	5.73	53.01	2.31	2.03	2.23
1987	18.14	2.93	23.58	6.91	48.82	2.13	2.70	2.97
1988	13.88	2.24	14.22	4.17	48.33	2.11	2.05	2.25

SOURCES: 1974-1980 FPC FORM 423
1981-1988 MONTHLY FUEL ADJUSTMENT FILINGS

NOTES: MCF = THOUSAND CUBIC FEET; ONE BBL = 42 GALLONS
ONE TON = 2,000 POUNDS.
CONVERSIONS: HEAVY OIL 6,300,000 BTU'S PER BARREL - 10,000 BTU'S PER KWH
LIGHT OIL 5,800,000 BTU'S PER BARREL - 17,000 BTU'S PER KWH
COAL 11,450 BTU'S PER POUND - 10,000 BTU'S PER KWH

RESIDENTIAL ELECTRIC RATE CHANGES

1988
Fuel Cost in ¢/KWH
Bill in $ for 1000 KWH
No Changes for Months Not Listed

	JANUARY		FEBRUARY		APRIL		JUNE		JULY		OCTOBER	
	FUEL	BILL	FUEL	BILL	FUEL	BILL	FUEL	BILL	FUEL	BILL	FUEL	BILL
FPL	2.332¢	$80.61	No Change		2.492¢	$80.20	No Change		No Change		1.754¢	$74.90
FPC	2.324¢	$68.25	No Change		2.496¢	$69.82	No Change		2.194¢	$66.80	2.055¢	$65.74
TECO	2.539¢	$79.62	2.539¢	$80.35	2.745¢	$82.24	No Change		No Change		2.642¢	$81.57
GULF	2.341¢	$61.56	1.722¢	$55.37	1.548¢	$53.52	1.548¢	$59.20	No Change		2.419¢	$62.17

INVESTOR-OWNED UTILITIES
TYPICAL ELECTRIC BILL COMPARISONS *
RESIDENTAL SERVICE
DECEMBER 31,1988

UTILITY	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
FLORIDA POWER & LIGHT COMPANY	$5.65	$12.33	$22.34	$39.03	$55.71	$74.90	$113.28
FLORIDA POWER CORPORATION	$5.25	$11.18	$20.28	$35.43	$50.59	$65.74	$96.06
TAMPA ELECTRIC COMPANY	$7.00	$14.46	$25.64	$44.29	$62.93	$81.57	$118.86
GULF POWER COMPANY **	$6.25	$11.84	$20.23	$34.21	$48.19	$62.17	$90.13
FLORIDA PUBLIC UTILITIES COMPANY							
Marianna Division	$5.00	$10.50	$18.76	$32.52	$46.28	$60.04	$87.56
Fernandina Beach Division	$2.50	$8.31	$17.03	$31.56	$46.08	$60.61	$89.67

*Excluding Local Taxes / OCTOBER 1988-MARCH 1989 FUEL COSTS ARE INCLUDED
**Summer/Winter Rates in effect - Winter Rates are shown

MUNICIPAL UTILITIES
TYPICAL ELECTRIC BILL COMPARISONS *
RESIDENTAL SERVICE
DECEMBER 31,1988

MUNICIPAL UTILITIES	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
ALACHUA	$8.00	$15.03	$25.57	$43.13	$60.70	$78.26	$113.39
BARTOW	$5.50	$11.96	$21.64	$37.79	$53.93	$70.07	$102.36
BLOUNTSTOWN	$3.50	$8.90	$16.99	$30.48	$43.97	$57.46	$84.44
BUSHNELL	$6.50	$13.05	$22.88	$39.27	$55.65	$72.03	$104.80
CHATTAHOOCHEE	$3.00	$8.73	$17.32	$31.65	$45.97	$60.29	$88.94
CLEWISTON	$6.50	$13.63	$24.33	$42.15	$59.98	$77.80	$113.45
FORT MEADE	$6.80	$14.20	$25.30	$43.80	$62.30	$80.80	$117.80
FORT PIERCE	$5.00	$11.74	$21.84	$38.69	$55.53	$72.37	$106.06
GAINESVILLE	$4.57	$10.59	$19.61	$34.66	$49.70	$65.69	$97.68
GREEN COVE SPRINGS	$6.00	$14.13	$26.31	$46.63	$66.94	$87.25	$127.88
HAVANA	$2.00	$11.14	$24.84	$47.69	$70.53	$93.37	$139.06
HOMESTEAD	$5.50	$14.07	$26.93	$48.35	$69.78	$91.20	$134.05
JACKSONVILLE	$5.50	$11.42	$20.30	$35.10	$49.90	$64.70	$94.30
JACKSONVILLE BEACH	$4.50	$11.72	$22.55	$40.60	$58.65	$76.70	$112.80
KEY WEST	$4.76	$12.88	$25.06	$45.36	$65.66	$85.96	$126.56
KISSIMMEE	$4.94	$12.80	$24.58	$44.22	$63.85	$83.49	$122.77
LAKELAND	$4.00	$11.10	$21.75	$39.49	$57.24	$74.98	$110.47
LAKE WORTH	$2.65	$10.32	$21.82	$40.99	$60.16	$79.33	$117.67
LEESBURG	$5.00	$11.67	$21.68	$38.35	$55.03	$71.70	$105.05
MOORE HAVEN	$8.50	$16.75	$29.13	$49.75	$70.38	$91.00	$132.25
MOUNT DORA	$5.98	$14.49	$27.25	$48.52	$69.78	$91.05	$133.59
NEWBERRY	$5.00	$12.18	$22.96	$40.92	$58.88	$76.84	$112.76
NEW SMYRNA BEACH	$4.50	$11.87	$22.93	$41.37	$59.80	$78.23	$115.10
OCALA	$7.00	$14.32	$25.31	$43.62	$61.92	$80.23	$116.85
ORLANDO	$4.20	$11.35	$22.08	$39.95	$57.83	$75.70	$111.45
QUINCY	$2.10	$7.38	$15.30	$28.50	$41.70	$54.90	$81.30
REEDY CREEK	$2.85	$9.08	$18.41	$33.98	$49.54	$65.10	$96.23
ST.CLOUD	$7.50	$13.82	$24.40	$45.70	$67.00	$88.30	$130.90
SEBRING	$8.70	$17.51	$30.73	$52.75	$74.78	$96.80	$140.85
STARKE	$6.45	$13.06	$22.98	$39.50	$56.03	$72.55	$116.60
TALLAHASSEE	$3.89	$11.10	$21.92	$39.94	$57.97	$75.99	$112.04
VERO BEACH	$7.20	$13.45	$22.83	$38.45	$54.08	$69.70	$100.95
WAUCHULA	$8.75	$15.75	$26.25	$43.75	$61.24	$78.74	$113.74
WILLISTON	$6.00	$13.63	$25.07	$44.13	$63.20	$82.26	$120.39

* Excluding Local Taxes/ December 1988 Fuel Costs are Included

COOPERATIVE UTILITIES
TYPICAL ELECTRIC BILL COMPARISONS *
RESIDENTIAL SERVICE
DECEMBER 31,1988

COOPERATIVE UTILITIES	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
CENTRAL FLORIDA	$8.50	$16.34	$28.09	$47.68	$67.26	$86.85	$126.03
CHOCTAWHATCHEE	$11.85	$17.59	$26.19	$40.53	$54.86	$69.20	$97.88
CLAY	$7.00	$15.19	$27.48	$47.95	$68.43	$88.90	$129.85
ESCAMBIA RIVER	$7.00	$12.70	$21.26	$35.52	$49.77	$64.03	$92.55
FLORIDA KEYS	$5.60	$12.16	$22.00	$38.40	$54.80	$71.20	$104.00
GLADES	$8.50	$16.90	$29.50	$50.50	$71.50	$92.50	$134.50
GULF COAST	$7.00	$14.52	$25.80	$44.60	$63.40	$82.20	$119.80
LEE COUNTY	$5.00	$13.16	$25.40	$45.80	$66.20	$86.60	$127.40
OKEFENOKE	$6.00	$13.78	$25.45	$44.90	$64.35	$83.80	$122.70
PEACE RIVER	$9.50	$18.59	$32.23	$54.95	$77.68	$100.40	$145.85
SUMTER	$8.50	$16.64	$28.85	$49.20	$69.55	$89.90	$130.60
SUWANNEE VALLEY	$8.50	$16.56	$28.65	$48.80	$68.95	$89.10	$129.40
TALQUIN	$7.50	$14.85	$25.88	$44.25	$62.63	$81.00	$117.75
TRI-COUNTY	$8.00	$17.00	$30.50	$53.00	$75.50	$98.00	$143.00
WEST FLORIDA	$6.97	$14.16	$24.94	$42.91	$60.87	$78.84	$114.78
WITHLACHOOCHEE	$8.50	$15.54	$26.09	$43.69	$61.28	$78.87	$114.06

* Excluding Local Taxes/ December 1988 Fuel Costs are included

INVESTOR-OWNED UTILITIES
TYPICAL ELECTRIC BILL COMPARISONS *
COMMERCIAL/INDUSTRIAL
DECEMBER 31, 1988

	KW DEMAND		75	150	500	1000	2000
UTILITY	750	1,500	15,000	45,000	150,000	400,000	800,000
FLORIDA POWER & LIGHT COMPANY	$64	$119	$1137	$2997	$9657	$23599	$47166
FLORIDA POWER CORPORATION	$51	$96	$895	$2262	$7623	$18452	$36827
TAMPA ELECTRIC COMPANY	$63	$119	$1226	$3101	$10255	$25172	$50174
GULF POWER COMPANY **	$72	$136	$959	$2353	$8023	$19225	$38399
FLORIDA PUBLIC UTILITIES COMPANY							
Marianna Division	$54	$102	$867	$2446	$8118	$21073	$42131
Fernandina Beach Division	$58	$112	$964	$2729	$9062	$23550	$47085

*Excluding Local Taxes / OCTOBER 1988-MARCH 1989 FUEL COSTS ARE INCLUDED
**Summer/Winter Rates in effect - Winter Rates are shown

MUNICIPAL COMMERCIAL/INDUSTRIAL TYPICAL COMPARISONS
DECEMBER 31, 1988

MUNICIPAL UTILITIES	KW DEMAND		75	150	500	1000	2000
	KWH		15,000	45,000	150,000	400,000	800,000
	750	1,500					
ALACHUA	$73	$137	$1,399	$3,514	$11,662	$28,227	$56,431
BARTOW	$70	$133	$1,320	$3,351	$11,127	$27,107	$54,195
BLOUNTSTOWN	$54	$101	$948	$2,829	$9,415	$25,095	$50,183
BUSHNELL	$65	$123	$1,174	$3,330	$11,053	$27,258	$54,496
CHATTAHOOCHEE	$57	$109	$1,055	$3,058	$10,194	$26,066	$52,132
CLEWISTON	$71	$134	$1,300	$3,559	$11,780	$30,155	$60,275
FORT MEADE	$70	$128	$1,155	$3,544	$11,650	$28,230	$56,390
FORT PIERCE	$63	$122	$1,270	$3,309	$10,959	$27,206	$54,382
GAINESVILLE	$64	$119	$1,149	$3,049	$10,126	$22,109	$44,157
GREEN COVE SPRINGS	$67	$128	$1,454	$3,786	$12,563	$26,925	$53,725
HAVANA	$71	$139	$1,373	$4,114	$13,708	$36,550	$73,098
HOMESTEAD	$77	$147	$1,499	$4,098	$13,740	$34,615	$69,265
JACKSONVILLE	$56	$105	$1,054	$2,761	$9,085	$23,000	$45,800
JACKSONVILLE BEACH	$68	$129	$1,572	$4,045	$13,446	$32,996	$65,976
KEY WEST	$85	$165	$1,641	$4,395	$14,640	$36,735	$73,465
KISSIMMEE	$67	$128	$1,440	$3,518	$11,251	$25,086	$50,122
LAKELAND	$67	$124	$1,196	$3,181	$10,668	$25,358	$50,334
LAKE WORTH	$70	$137	$1,345	$3,960**	$13,173**	$32,626**	$65,240**
LEESBURG	$67	$128	$1,268	$3,170	$10,527	$25,377	$50,737
MOORE HAVEN	$85	$162	$1,568	$4,215	$13,998	$35,323	$70,623
MOUNT DORA	$71	$135	$1,300	$3,889	$12,114	$29,014	$58,028
NEWBERRY	$68	$131	$1,393	$3,398	$11,291	$26,751	$53,487
NEW SMYRNA BEACH	$75	$145	$1,408	$3,728	$12,349	$30,959	$61,885
OCALA	$62	$117	$1,191**	$2,991**	$9,920**	$24,011**	$48,001**
ORLANDO	$59	$113	$1,165	$2,916	$9,660	$23,382	$46,738
QUINCY	$46	$87	$942	$2,481	$8,148	$20,573	$41,093
REEDY CREEK	$68	$133	$998	$2,655	$8,816	$22,111	$44,207
ST.CLOUD	$76	$142	$1,462	$4,008	$13,300	$33,965	$67,905
SEBRING	$85	$158	$1,455	$3,742	$11,824	$30,024	$60,014
STARKE	$75	$141	$1,331	$3,974	$13,224	$35,249	$70,489
TALLAHASSEE	$68	$132	$1,333	$3,340	$11,075	$26,795	$53,565
VERO BEACH	$56	$106	$1,131	$2,921	$8,925	$22,000	$43,940
WAUCHULA	$80	$133	$1,092	$3,508	$11,540	$28,812	$57,558
WILLISTON	$69	$133	$1,575	$3,941	$13,096	$31,561	$63,105

* Excluding Local Taxes / DECEMBER 1988 FUEL COSTS ARE INCLUDED
** Actual demand charge is based on KVA. An equivalent demand charge based on KW under the assumption of a 90% power factor at peak demand was used in this comparison.

COOPERATIVES
TYPICAL ELECTRIC BILL COMPARISONS *
COMMERCIAL/INDUSTRIAL
DECEMBER 31,1988

COOPERATIVE UTILITIES	KW DEMAND 75	150	500	1000	2000
	KWH 750	1,500	15,000	45,000	150,000	400,000	800,000
CENTRAL FLORIDA	$82	$149	$1,543	$4,006	$13,283	$32,390	$64,730
CHOCTAWHATCHEE	$56	$101	$966	$2,518	$9,083	$20,221	$39,942
CLAY	$69	$132	$1,294	$3,510	$11,570	$28,605	$56,115
ESCAMBIA RIVER	$50	$93	$1,038	$2,621	$8,645	$21,152	$42,264
FLORIDA KEYS	$69	$121	$1,161	$3,392	$11,365	$29,715	$59,455
GLADES	$81	$149	$1,571	$4,373	$14,505	$34,450	$68,600
GULF COAST	$63	$120	$1,073	$2,894	$9,617	$24,292	$48,572
LEE COUNTY	$68	$131	$1,221	$3,258	$10,825	$27,775	$55,535
OKEFENOKE	$93	$155	$1,404	$3,696	$11,795	$29,220	$57,940
PEACE RIVER	$80	$150	$1,406	$3,706	$12,235	$30,710	$61,370
SUMTER	$78	$143	$1,369	$3,518	$11,610	$28,210	$56,370
SUWANNEE VALLEY	$73	$137	$1,465	$3,865	$12,790	$32,040	$64,040
TALQUIN	$65	$122	$1,395	$3,615	$11,910	$28,200	$56,100
TRI-COUNTY	$83	$153	$1,420	$3,535	$11,550	$27,300	$54,500
WEST FLORIDA	$61	$115	$1,074	$2,707	$8,906	$21,818	$43,586
WITHLACHOOCHEE RIVER	$70	$132	$1,264	$3,272	$10,848	$26,803	$53,581

*Excluding Local Taxes / DECEMBER 1988 FUEL COSTS ARE INCLUDED

INVESTOR-OWNED
ELECTRIC UTILITIES
MISCELLANEOUS CHARGES
DECEMBER 31, 1988

UTILITY	Initial Connect(1)	Normal Reconnect(2)	Violation Reconnect(3)	Collection Charge(4)	Temporary Service (5) Underground	Temporary Service (5) Overhead
FLORIDA POWER & LIGHT COMPANY	$16.00	$16.00	$19.00	$.00	$110.00	$145.00
FLORIDA POWER CORPORATION	$15.40	$12.83 $5.13(6)	$23.10	$.00	$29.08 $29.94(7)	$38.49 $53.89(7)
TAMPA ELECTRIC COMPANY	$20.00	$16.00	$18.00	$5.00	$70.00	$70.00
GULF POWER COMPANY	$16.00	$16.00	$16.00	$6.00	$48.00	$48.00
FLORIDA PUBLIC UTILITIES COMPANY						
Marianna Division	$10.00	$7.00	$10.00	$.00	$.00	$.00
Fernandina Beach Division	$.00	$.00	$3.00	$.00	$.00	$.00

(1) Initial connection to an establishment never having prior service.
(2) Connection of service to an establishment having had prior service.
(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-pay, meter tampering, bad check, etc.
(4) A collection charge is made in the event a service representative visits the premises for the purpose of discontinuing service for nonpayment of a delinquent account and the customer pays or arranges to pay the past due amount in lieu of service interruption.
(5) Charge for installing and removing a temporary service drop.
(6) The $5.13 charge is applicable when only one trip to the premise is required.
(7) Applicable when three-phase service drop is required.

INVESTOR-OWNED
ELECTRIC UTILITIES
GROWTH AND USE STATISTICS
DECEMBER 31, 1988

	Average Residential Consumption for 1988	Percent Gain in Average Residential Consumption	Residential Customers as of Dec. 31, 1988	Percent Gain in Residential Customers	Residential Revenues for 1988	Percent Gain in Residential Revenues	Average Residential Revenues Per KWH sold	Total Retail Operating Revenue	Percent Increase In Total Retail Operating Revenue
FLORIDA POWER & LIGHT COMPANY	11,496	2.2%	2,676,357	3.8%	$2,503,985,176	2.1%	$.0832	$4,537,616,481	.9%
FLORIDA POWER CORPORATION	11,754	3.4%	966,602	3.7%	$ 766,500,000*	2.0%	$.0690	$1,335,400,000*	3.4%
FLORIDA PUBLIC UTILITIES									
Marianna Division	11,063	3.5%	8,469	2.2%	$ 5,185,807	(7.6%)	$.0560	$ 11,134,793	(13.5%)
Fernandina Division	12,160	5.1%	8,126	3.3%	$ 6,876,508	4.2%	$.0702	$ 14,805,709	11.4%
GULF POWER COMPANY	12,883	.9%	246,450	2.2%	$ 184,568,510	(7.6%)	$.0585	$ 502,497,494	(5.5%)
TAMPA ELECTRIC COMPANY	12,943	2.3%	389,817	2.5%	$ 396,717,338	11.0%	$.0799	$ 842,092,870	12.4%

*Data reported in millions of dollars.
NOTE: ABOVE REVENUES INCLUDE FUEL. PARENTHESES DENOTE NEGATIVE AMOUNT.

MUNICIPAL & COOPERATIVE*
ELECTRIC UTILITIES
GROWTH AND USE STATISTICS
DECEMBER 31, 1988

	Average Residential Consumption for 1988	Percent Gain in Average Residential Consumption	Residential Customers as of Dec. 31, 1988	Percent Gain in Residential Customers	Residential Revenues for 1988	Percent Gain in Residential Revenues	Average Residential Revenues Per KWH sold	Total Retail Operating Revenue	Percent Increase In Total Retail Operating Revenue
Municipals									
GAINESVILLE REGIONAL UTILITIES	10,565	2.3%	51,599	3.1%	$ 35,491,112	7.1%	$.0664	$ 76,443,993	12.1%
JACKSONVILLE ELECTRIC AUTHORITY	13,104	1.4%	253,685	2.4%	$216,791,113	5.4%	$.0660	$467,507,298	5.3%
CITY OF LAKELAND	12,565	(1.9%)	70,492	3.9%	$ 65,633,453	9.0%	$.0771	$124,265,412	10.4%
ORLANDO UTILITIES COMMISSION	11,857	(1.1%)	95,846	4.2%	$ 83,956,609	4.2%	$.0753	$234,550,879	11.0%
CITY OF TALLAHASSEE	11,545	4.6%	61,262	4.6%	$ 52,221,318	3.5%	$.0766	$116,399,501	3.3%
Cooperatives									
CLAY ELECTRIC	11,511	2.4%	91,346	5.0%	$ 89,376,272	5.5%	$.0860	$116,821,116	6.1%
LEE COUNTY ELECTRIC	10,705	4.9%	98,318	5.6%	$ 85,706,528	10.0%	$.0837	$127,574,212	9.1%
WITHLACOOCHEE RIVER ELECTRIC	10,452	4.0%	105,974	4.0%	$ 87,117,349	6.0%	$.0800	$120,209,135	8.8%

*UTILITIES COVERED BY PURPA
NOTE: ABOVE REVENUES INCLUDE FUEL. PARENTHESES DENOTE NEGATIVE AMOUNT.

National Electric Safety Code Variances - 1988

1/10/89 NESC VARIANCES FOUND FROM 1/88 THROUGH 12/ 88 (for construction since 7/1/86 page 1

Variance Categories (Regions:	IOU N	IOU C	IOU S	IOU T	MUNICIPAL N	MUNICIPAL C	MUNICIPAL S	MUNICIPAL T	COOPERATIVE N	COOPERATIVE C	COOPERATIVE S	COOPERATIVE T	TOTAL N	TOTAL C	TOTAL S	TOTAL T
A. Grounding																
1. Circuit or transformer not grounded	1	6	3	10	3	1	1	5		0	1	1	4	7	5	16
2. Riser not grounded	8	51	135	194	60	45	26	131	7	1	18	26	75	97	179	351
3. Ground rod above ground level	7	13	20	40	4	26		30	2	2	1	5	13	41	21	75
4. Ground wire not snug to pole	6	11		17		7		7	0	0		0	6	18	0	24
5. Poor ground--butt plate or wire wrap				0		0		0				0	0	0	0	0
6. Exposed conductor \only		0	1	1		0		0			0	0	0	0	1	1
7. Abandoned ground rod		1	1	2		0	2	2				0	0	1	3	4
8. Ground conductor vandalized or broken		1	5	6	1	1		2	1			1	2	2	5	9
9. Static wire not grounded				0		0		0				0	0	0	0	0
10. Street light bracket not grounded	0	0	24	24	0	0	9	9	0	0	3	3	0	0	36	36
(subtotal)	22	83	189	294	68	80	38	186	10	3	23	36	100	166	250	516
B. Guying																
1. No guy guards	6	19	24	49	32	23	8	63	127	12	4	143	165	54	36	255
2. Guy wire not grounded	0	38	38	76	21	60	11	92		6	2	8	21	104	51	176
3. Loose or broken guy wire(or missing)	1	1	5	7	0	1	0	1	0		1	1	1	2	6	9
4. Abandoned anchors	10	10	1	21	1	7		8		1		1	11	18	1	30
(subtotal)	17	68	68	153	54	91	19	164	127	19	7	153	198	178	94	470
C. Substations																
1. Substation fence gap at the bottom		1	5	6		2	0	2				0	0	3	5	8
2. Substation fence or gate not grounded		1	9	10		1	0	1	0		8	8	0	2	17	19
3. No warning sign on substation		0	3	3	0	0		0			1	1	0	0	4	4
4. Inadequate fence height or barbed wire			7	7				0				0	0	0	7	7
5. Gate left open			2	2				0				0	0	0	2	2
6. Fence or gate damaged or insecure	0	0	2	2	0	0	0	0	0	0	0	0	0	0	2	2
(subtotal)	0	2	28	30	0	3	0	3	0	0	9	9	0	5	37	42
D. Clearances																
1. Service too low	7	2	27	36	7	7	13	27	5	1	1	7	19	10	41	70
2. Primary line too low	1	0	1	2	0	0	0	0	1	1		2	2	1	1	4
3. Primary line- horiz. clearance	7		4	11	1		0	1	2		0	2	10	0	4	14
4. Service drop- horiz. clearance	33		15	48			7	7	27		5	32	60	0	27	87
	48	2	47	97	8	7	20	35	35	2	6	43	91	11	73	175
E. Padmount transformers														0		
1. Padmount not stable(erosion)	0	3	13	16	0	3	1	4		0		0	0	6	14	20
2. Padmount installation unlocked	5	3	5	13	9	5		14	7	2		9	21	10	5	36
3. Padmount or pedestal lock broken		2		2		1		1			0	0	0	3	0	3
4. Padmount-- bolt missing or loose	0	0	0	0		1	0	1		0		0	0	1	0	1
5. No warning sign on padmount or vault*	6	0	2	8	70	0	1	71	7	0		7	83	0	3	86
6. Padmount lock not sufficient				0				0		0		0	0	0	0	0
7. ug cable or stubup exposed	0	0	0	0	1	0	1	2	0	0	0	0	1	0	1	2
8. vault or switch panel not locked		1	2	3	1			1				0	1	1	2	4
9. exposed wires in vault			0	0				0				0	0	0	0	0
10. Padmount case faulty		1	1	2		0		0				0	0	1	1	2
(* reccomended,not violation)																
(subtotal)	11	10	23	44	81	10	3	94	14	2	0	16	106	21	25	152
F. Miscellaneous																
1. Poles too close to curb				0			0	0				0	0	0	0	0
2. Underground neutral not connected				0				0			0	0	0	0	0	0
3. Improper use of pole by customer(s)				0				0	0			0	0	0	0	0
4. Street light bracket bolt missing				0				0			0	0	0	0	0	0
5. Pole or equipment abandoned		6	1	7		3		3				0	0	9	1	10
6. Pole base erosion				0				0	3		0	3	3	0	0	3
7. Riser guard base not buried	1	1	4	6		1		1			1	1	1	2	5	8
(subtotal)	1	7	5	13	0	4	0	4	3	0	1	4	4	11	6	21
Subtotals	99	172	360	631	211	195	80	486	189	26	46	261	499	392	485	1376

1/10/89 NESC VARIANCES FOUND FROM 1/88 THROUGH 12/88 (for construction since 7/1/ 86) page 2

Variance Categories (Regions:	IOU N	IOU C	IOU S	IOU T	MUNICIPAL N	MUNICIPAL C	MUNICIPAL S	MUNICIPAL T	COOPERATIVE N	COOPERATIVE C	COOPERATIVE S	COOPERATIVE T	TOTAL N	TOTAL C	TOTAL S	TOTAL T
Communication Equipment																
1. Communication riser not grounded	0	1	0	1	0	4		4	1			1	1	5	0	6
2. Communication ground wire damaged		2		2				0				0	0	2	0	2
3. Communication guy not grounded	0	17	2	19	1	4		5		9		9	1	30	2	33
4. No guy guard(Communication)		4	3	7		3		3		4		4	0	11	3	14
5. Loose or broken guy(Communication)									2			2	2	0	0	2
6. Communication cable too low	1	4	3	8	4	4		8	11			11	16	8	3	27
7. Comm. cable too close to service	13		17	30	1		1	2	1		1	2	15	0	19	34
8. Comm. cable too close to primary lines	19	1	11	31	2	2	4	8	7		6	13	28	3	21	52
9. Comm. cable- horizontal clearance	4			4				0				0	4	0	0	4
10.Abandoned Comm. equipment		1		1				0				0	0	1	0	1
subtotals	37	29	36	102	8	17	5	30	22	13	7	42	67	59	48	174
. Cable TV Equipment																
1. CATV guy wire not grounded		5		5		1		1		1		1	0	7	0	7
2. No guy guard(CATV)		2		2		1		1		2		2	0	5	0	5
3. CATV line too low	1	1	1	3	2	1		3	2			2	5	2	1	8
4. CATV too close to primary lines	13	2	4	19	2		1	3	7			7	22	2	5	29
5. CATV too close to service drop	10	0	3	13	2	1	0	3	0	0	1	1	12	1	4	17
subtotals	24	10	8	42	6	4	1	11	9	3	1	13	39	17	10	66
TOTALS	160	211	404	775	225	216	86	527	220	42	54	316	605	468	543	1616

Investor-Owned Natural Gas Utilities

INVESTOR-OWNED
NATURAL GAS UTILITIES
OPERATING STATISTICS 1988 *

COMPANY	GROSS PLANT-IN-SERVICE	OPERATING REVENUES	OPERATING REVENUE DEDUCTIONS	NET OPERATING INCOME	END-OF-YEAR NUMBER OF CUSTOMERS
CITY GAS	$85,533,304	$38,134,020	$34,831,422	$3,302,598	87,689
FL. PUB. UTIL.	28,720,206	22,899,845	19,524,656	3,375,190	34,365
PEOPLES GAS	221,030,000	184,443,000	168,572,000	15,871,000	169,358
ALL OTHERS **	67,608,310	71,689,146	67,705,207	3,983,939	64,765
TOTALS	$402,891,819	$317,166,011	$290,633,285	$26,532,727	356,177

* ALL DATA UNAUDITED
** PALM BEACH COUNTY INFORMATION UNAVAILABLE

Gas Utilities - Residential

INVESTOR-OWNED GAS UTILITIES
TYPICAL BILL COMPARISON *
RESIDENTIAL SERVICE
DECEMBER 31, 1988

UTILITY	Minimum Bill or Customer Charge	THERMS 10	20	30	40	50	75	100
CENTRAL FLORIDA GAS CORP.	$5.00	$11.43	$17.87	$24.30	$30.74	$37.17	$53.26	$69.34
CITY GAS COMPANY OF FLORIDA	$6.00	$11.16	$16.32	$21.48	$26.63	$31.79	$44.69	$57.59
FLORIDA PUBLIC UTILITIES	$6.00	$10.87	$15.73	$20.60	$25.46	$30.33	$42.50	$54.66
GAINESVILLE GAS COMPANY	$6.00	$10.97	$15.94	$20.92	$25.89	$30.86	$43.29	$55.72
INDIANTOWN GAS COMPANY	$5.00	$8.30	$11.61	$14.91	$18.21	$21.52	$29.77	$38.03
MILLER GAS COMPANY	$6.00	$12.08	$18.16	$24.24	$30.31	$36.39	$51.59	$66.78
PALM BEACH COUNTY UTILITIES	$5.00	$11.43	$17.86	$24.29	$30.72	$37.14	$53.22	$69.29
PEOPLES GAS SYSTEM, INC.	$6.00	$10.98	$15.96	$20.94	$25.92	$30.90	$43.35	$55.79
PLANT CITY NATURAL GAS CO.	$3.00	$8.70	$14.40	$20.11	$25.81	$31.51	$45.76	$60.02
ST.JOE NATURAL GAS COMPANY	$3.00	$5.92	$8.83	$11.75	$14.67	$17.58	$24.88	$32.17
SOUTH FLORIDA NATURAL GAS CO.	$5.00	$11.81	$18.62	$25.43	$32.24	$39.05	$56.07	$73.10
SOUTHERN GAS COMPANY	$5.00	$9.92	$14.85	$19.77	$24.70	$29.62	$41.93	$54.24
WEST FLORIDA NATURAL GAS	$6.00	$10.59	$15.18	$19.76	$24.35	$28.94	$40.41	$51.88

*Excluding Local Taxes / DECEMBER 1988 - GAS COSTS ARE INCLUDED

INVESTOR-OWNED GAS UTILITIES
TYPICAL BILL COMPARISON *
COMMERCIAL SERVICE
DECEMBER 31, 1988

UTILITY	Minimum Bill or Customer Charge	THERMS 30	50	70	90	150	200	300
CENTRAL FLORIDA GAS CORP.	$10.00	$23.49	$32.49	$41.49	$50.48	$77.47	$99.97	$144.95
CITY GAS COMPANY OF FLORIDA	$12.00	$25.43	$34.39	$43.35	$52.30	$79.17	$101.56	$146.34
FLORIDA PUBLIC UTILITIES	$6.00	$21.20	$31.33	$41.46	$51.59	$81.99	$107.32	$157.98
GAINESVILLE GAS COMPANY	$15.00	$26.42	$34.04	$41.65	$49.27	$72.11	$91.15	$129.22
INDIANTOWN GAS COMPANY	$10.00	$19.77	$26.28	$32.80	$39.31	$58.85	$75.13	$107.70
MILLER GAS COMPANY	$12.00	$25.97	$35.29	$44.60	$53.92	$81.86	$105.15	$151.72
PALM BEACH COUNTY UTILITIES	$10.00	$26.96	$38.26	$49.57	$60.88	$94.79	$123.06	$179.59
PEOPLES GAS SYSTEM, INC.	$16.00	$30.12	$39.53	$48.94	$58.35	$86.58	$110.10	$157.15
PLANT CITY NATURAL GAS CO.	$8.00	$21.15	$29.92	$38.69	$47.46	$73.77	$95.70	$139.54
ST.JOE NATURAL GAS COMPANY	$5.00	$13.87	$19.78	$25.69	$31.60	$49.34	$64.12	$93.67
SOUTH FLORIDA NATURAL GAS CO.	$8.00	$22.89	$32.81	$42.74	$52.66	$82.44	$107.26	$156.88
SOUTHERN GAS COMPANY	$10.00	$24.66	$34.43	$44.21	$53.98	$83.30	$107.74	$156.60
WEST FLORIDA NATURAL GAS CO.	$15.00	$26.98	$34.96	$42.95	$50.93	$74.88	$94.84	$134.77

*Excluding Local Taxes / DECEMBER 1988 - GAS COSTS ARE INCLUDED

INVESTOR-OWNED GAS UTILITIES
TYPICAL BILL COMPARISON *
INDUSTRIAL SERVICE
DECEMBER 31, 1988

UTILITY	Minimum Bill or Customer Charge	THERMS 400	500	600	700	800	900	1000
CENTRAL FLORIDA GAS CORP.	$20.00	$148.61	$180.77	$212.92	$245.07	$277.23	$309.38	$341.53
CITY GAS COMPANY OF FLORIDA	$12.00	$191.12	$235.89	$280.67	$325.45	$370.23	$415.01	$459.79
FLORIDA PUBLIC UTILITIES	$17.00	$181.58	$222.73	$263.88	$305.02	$346.17	$387.31	$428.46
GAINESVILLE GAS COMPANY	$15.00	$167.29	$205.37	$243.44	$281.51	$319.58	$357.66	$395.73
INDIANTOWN GAS COMPANY	$10.00	$140.26	$172.83	$205.40	$237.96	$270.53	$303.09	$335.66
MILLERGAS COMPANY	$12.00	$198.29	$244.87	$291.44	$338.01	$384.59	$431.16	$477.74
PALM BEACH COUNTY UTILITIES CO.	$25.00	$254.48	$311.85	$369.22	$426.59	$483.96	$541.33	$598.70
PEOPLES GAS SYSTEM, INC.	$25.00	$200.27	$244.09	$287.91	$331.73	$375.55	$419.37	$463.19
PLANT CITY NATURAL GAS CO.	$22.00	$181.19	$220.99	$260.79	$300.59	$340.39	$380.18	$419.98
ST.JOE NATURAL GAS COMPANY	$20.00	$146.75	$178.44	$210.13	$241.82	$273.50	$305.19	$336.88
SOUTH FLORIDA NATURAL GAS CO.	$8.00	$206.51	$256.14	$305.77	$355.39	$405.02	$454.65	$504.28
SOUTHERN GAS COMPANY	$20.00	$212.99	$261.24	$309.49	$357.74	$405.98	$454.23	$502.48
WEST FLORIDA NATURAL GAS CO.	$50.00	$188.30	$222.87	$257.44	$292.02	$326.59	$361.17	$395.74

*Excluding Local Taxes / DECEMBER 1988 - GAS COSTS ARE INCLUDED

Gas Utilities - Miscellaneous Charges

GAS UTILITIES
MISCELLANEOUS CHARGES
DECEMBER 31, 1988

UTILITY	Initial Connection(1)	Normal Reconnection(2)	Violation Reconnection(3)	Collection Charge(4)
CENTRAL FLORIDA GAS CORP.	$16.50	$16.50	$16.50	$.00
CITY GAS COMPANY OF FLORIDA	$6.50	$6.50	$6.50	$.00
FLORIDA PUBLIC UTILITIES	$15.00	$15.00	$15.00	$.00
GAINESVILLE GAS COMPANY(5)	$10.00	$10.00	$10.00	$10.00
INDIANTOWN GAS COMPANY	$4.00	$4.00	$5.00	$.00
MILLER GAS COMPANY	$8.00	$8.00	$8.00	$.00
PALM BEACH COUNTY UTILITIES	$9.00	$9.00	$9.00	$.00
PEOPLES GAS SYSTEM, INC.(6)	$15.00	$15.00	$15.00	$10.00
PLANT CITY NATURAL GAS CO.	$15.00	$15.00	$15.00	$.00
ST.JOE NATURAL GAS COMPANY	$10.00	$10.00	$10.00	$.00
SOUTH FLORIDA NATURAL GAS CO.	$7.00	$7.00	$7.00	$.00
SOUTHERN GAS COMPANY	$25.00	$25.00	$25.00	$.00
WEST FLORIDA NATURAL GAS	$20.00	$20.00	$20.00	$.00

(1) Intial connection to an establishment never having prior service.
(2) Connection of service to an establishment having had prior service.
(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-pay, meter tampering, bad check, etc.
(4) A collectign charge is made in the event a service representative visits the premises for the purpose of discontinuing service for non payment of a delinquent account. and the customer pays or arranges to pay the past due amount in lieu of service interruption.
(5) Residential only, all others $40.00 except Collection Charge.
(6) Residential only, all others $25.00 except Collection Charge.

INVESTOR-OWNED
GAS UTILITIES
GROWTH AND USE STATISTICS
DECEMBER 31, 1988

UTILITY	Average Residential Consumption for 1988	Percent Gain in Average Residential Consumption	Residential Customers as of Dec.31,1988	Percent Gain in Residential Customers	Residential Revenues for 1988	Percent Gain in Residential Revenues	Average Residential Revenue Per Therm Sold	Total Retail Operating Revenue	Percent Increase in Total Retail Operating Revenue
CENTRAL FLORIDA GAS CORP.	330	10.0%	5,355	(.5%)	$1,444,463	31.5%	$.8175	$18,115,298	4.5%
CITY GAS COMPANY OF FLORIDA	272	1.1%	73,764	1.4%	$14,812,435	(.4%)	$.7485	$38,134,020	(3.5%)
FLORIDA PUBLIC UTILITES	365	19.3%	31,643	(.2%)	$6,636,682	(1.8%)	$.6897	$22,899,845	(6.8%)
GAINESVILLE GAS COMPANY	498	10.9%	16,899	3.5%	$5,021,337	12.2%	$.5970	$12,859,005	2.4%
INDIANTOWN GAS COMPANY	308	2.3%	511	(2.1%)	$80,514	(2.6%)	$.5113	$1,114,027	13.9%
MILLER GAS COMPANY	190	(16.7%)	4,513	(2.0%)	$937,723	(4.6%)	$.9085	$2,231,875	(3.1%)
PALM BEACH COUNTY UTILITIES CORP.	209	8.3%	2,629	16.7%	$456,481	15.9%	$.9200	$1,043,259	26.3%
PEOPLES GAS SYSTEM, INC.	272	1.1%	148,665	(.5%)	$29,944,834	(2.1%)	$.7403	$186,665,426	(6.6%)
PLANT CITY NATURAL GAS CO.	279	9.0%	788	(6.0%)	$150,021	4.6%	$.6835	$2,617,709	1.5%
ST.JOE NATURAL GAS COMPANY	456	5.6%	2,502	1.2%	$391,022	(1.8%)	$.3452	$4,649,210	(3.5%)
SOUTH FLORIDA NATURAL GAS CO.	312	4.0%	3,231	.7%	$839,080	2.3%	$.8590	$1,704,681	(4.7%)
SOUTHERN GAS COMPANY	306	19.5%	3,728	2.7%	$738,955	9.5%	$.6480	$12,683,009	(2.4%)
WEST FLORIDA NATURAL GAS COMPANY	431	1.9%	20,379	2.9%	$5,073,196	4.0%	$.5808	$15,564,979	(4.6%)